

# **DRAFT BUDGET OF GASEGONYANA LOCAL MUNICIPALITY**



## **2016/17 TO 2018/19 MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS**

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## 1.1 MAYOR'S SPEECH

- Honorable Speaker, Cllr Tuelo Meyers;
- Chief Whip of Council, Cllr Queen Mogatle;
- Chairpersons of committees
- Members of the Mayoral Committee;
- Leaders of All Political Parties in Council;
- Honorable Fellow Councillors;
- Municipal Manager, Mr Edward Ntefang and the Senior Management of the Municipality;
- Chiefs and all members of traditional houses
- Fellow residents of GaSegonyana
- Distinguished Guests
- Members of the Media;
- Ladies and Gentlemen;

Honourable Speaker; It is that time of the year once again where we look in retrospect to the service journey that we have travelled together. As we ponder on the successes and challenge that we have confronted in the outgoing fiscal year; we are equally able to use the benefit of hindsight to plan and budget for better interventions in the ensuing year.

I would accordingly like to take this opportunity and welcome all our esteemed guests and stakeholders to this important occasion.

Such an occasion is particularly significant honourable Speaker because since 1994, local government has been a primary site for the delivery of basic services in our country.

It is common knowledge that GaSegonyana Municipality has in the past decade made significant progress in providing the residents of Kuruman with clean running water, sanitation, electricity, shelter, waste removal and roads.

We remain mindful however Honourable Speaker that some of our growing communities in the rural areas are still without basic services.

We are committed working in partnership with our institutions of traditional leadership and sector departments to eradicate the remaining service delivery backlogs.

It is important however that we point out that a firm service delivery foundation has been laid to provide a basis for the acceleration of service delivery in our communities.

It is primarily for this reason therefore; as we table this draft budget for the 2016/2017 Financial Year, that we are eager to reflect on our achievements, the challenges that we have identified; as well as our proposed IDP and budgetary interventions that we believe will be able to mitigate the adverse effects of the identified service delivery challenges on our people.

In improving performance as far as the delivery of services is concerned; the national government together with the provincial government have since launched the back to basics approach, which aims at tracking the implementation of service delivery for the next five years.

The Back to Basics strategy is premised mainly on the five pillars of municipal governance.

Its key focus is that of ensuring that the execution of the most basic municipal functions happens in accordance with the set standards in municipalities. The following are the key pillars of the strategy:

- Good Governance,
- Public Participation,
- Basic Services,
- Sound Financial Management and
- Building Capable Institutions

As GaSegonyana Municipality we can confirm that no effort will be spared in the pursuit of those objectives.

Honourable Speaker let me on the same vein touch on the subject of youth development in GaSegonyana. I will indicate in this particular regard as we enter the youth month that GaSegonyana municipality is committed to the development of the youth and recognises that they are the future of our communities.

I am reminded in this regard Honourable Speaker of the words once uttered by the late stalwart of our liberation struggle (Seaparankwe) Cde. Oliver Reginald Tambo; when he said "A nation that does not invest in its youth has no future"

I am quoting these words deliberately ladies and gentlemen because I am fully aware that they are applicable to all of us here.

As a municipality, as families, as communities, as institutions, we all bear a similar responsibility to invest in the youth of our communities because indeed they are the leaders of tomorrow.

We will be commemorating 40 years of the June 16 uprisings. We honour the Class of 1976 who selflessly and uncompromisingly fought against Apartheid's brutal and unjust laws. We must also commend the class of 2015/2016 for the #FeesMustFall. When students stood up this year, they were demonstrating the frustration of parents who are battling to make ends meet after sending them to university. More than two decades after the fall of apartheid, the poor still struggle to send their children to higher education institutions. It is sad to find that only the rich will be able to educate their children because it has always been the hope of black and poor parents that their children may be able to lift themselves out of the cycle of poverty.

In her state of the province address, Honorable Sylvia Lucas had this to say:

I Quote:

"The Provincial government has recently completed a profile of Young People in the Northern Cape and the Northern Cape Youth Development Strategy is underway which is aimed at responding comprehensively and meaningfully to

the challenges facing young people. As part of advancing young people we are providing apprenticeship, learnerships as well as bursaries. More and more of our young people in the Northern Cape have access to TVET colleges and universities. To his end we can report that in the previous financial year we spent over R54 million and we envisage to spend over R69.5 million in this current financial year." Close quote!

Compatriots

South Africa still has a long way to go to end racism. The apartheid damage was deep. There is still a long way to go before we can say we have successfully reversed the impact of institutionalised racism in our country or removed prejudice amongst those who subscribe to the notion of white supremacy. "South Africa is a country of two nations - one is white and wealthy and the other one is black and poor." Thabo Mbeki

We are satisfied Honourable Speaker that the budget decisions that we have made are reflective of the developmental aspirations of our communities on the ground.

I am therefore humbled Honourable Speaker to present for approval the **2016/2017** Medium Term Revenue and Expenditure Framework (MTREF) for the **2016/17**, **2017/18** and **2018/19** financial years.

The MTREF proposes a total budget of **R 317 million** for the **2016/17** financial year.

It appropriates a total operating expenditure of **R315 million** for **2015/16** financial year, **R334 million** for the **2017/18** financial year and **R353 million** for the **2018/19** financial year.

The draft budget further proposes a total capital expenditure of R125 million for 2016/17 financial year, R147 million for the 2017/18 financial year and R143 million for the 2018/19 financial year.

Honourable Speaker; we can confirm without any equivocation that no effort was spared in making sure that the compilation of this draft budget was executed in a manner which complies with the relevant provisions of the MFMA and budget related regulations.

On tariff increases Honourable Speaker let me indicate that the tariff increases for the 2016/17 budget have been determined at **6% on property rates, 9.4% on electricity** and **6% for water, sanitation, refuse and other services**.

Bulk purchases on **electricity** also increased by **9.4%** which is in line with the guidelines of the National Energy Regulator of South Africa (NERSA).

Honourable Speaker our capital expenditure patterns continue to reflect a consistent agenda to address backlogs in the provision of basic services and the renewal of the infrastructure of existing network services.

The draft budget in line with the imperatives of the provincial government has a greater bias towards the eradication of existing backlogs in water services.

Set out below are the budget decisions that we believe have been inspired by the masses of our people as well as the strategic direction that we have all adopted:

### **1. Water Services**

Honourable Speaker as indicated above the eradication of backlogs in the provision of water services is a key focus of our municipality and our province. It is accordingly for this reason that a significant portion of this budget has been appropriated for water services infrastructure.

We are injecting an amount of **R 63 Million** towards the upgrading of **water services reticulation** and **bulk infrastructure projects** in the following communities; **Maruping/Batlharos ; Seoding/Magojaneng ;Seven Miles; Mapoteng ;Mokalamosesane; Kagung/West derby and Ditshoswaneng.**

A further allocation of **R 9.5 Million** from the **Water Services Operating Grant and R15 million from public donations** has been deployed for the refurbishment of our water services infrastructure in GaSegonyana.

### **2. Community Facilities**

Honourable Speaker as we endeavour to strike a balance between meeting basic community's needs, strengthening the local economy and improving social cohesion; we recognise the centrality of community facilities in nation building.

It is accordingly for this purpose that we are investing an amount of R 6.5 Million towards the upgrading of the Seven Miles community hall.

### **3. Roads**

Accessible road infrastructure is a critical component of economic growth and social development in our communities. It provides the required impetus for the quicker movement of goods, services and our people.

We are accordingly allocating an amount of **R 27 Million** towards the **upgrading of roads in GaSegonyana.**

### **4. Sanitation**

Honourable Speaker decent sanitation remains one of the services that are necessary for the dignity of our people. We are therefore uncompromising in the drive to ensure that our people have access to decent sanitation.

We will in this regard be deploying an amount of **R 9 Million** towards **improving sewage services** in our communities.

Honourable Speaker we recognise as we conclude our final lap of the current term of office that while a lot has been achieved since we assumed office in May 2011; a lot more work lies ahead.

Madiba taught us to embrace the courage of our convictions when he said "after climbing one great hill; one only discovers that there are many more hills to climb."

We are greatly encouraged however that as we climb each hill, our people are always right there behind us; giving us the encouragement that we need in order to go further for their benefit.

I wish to thank you, members of this august house, various office bearers as well as the Municipal Manager and Senior Management of our municipality. Let me make a special mention of our budget team (Desiree, Nontlantla and Confidence) led by the acting CFO Mrs. T. Jarvis for the great work of putting the budget together under immense pressure in terms of time.

We further thank our strategic stakeholders and communities for their active role during the consultation processes. It is through our collective wisdom and unity of purpose that we can serve our communities much better.

By these projections, we seek to give full account and/or respond accordingly on the needs of the people of GaSegonyana. Hence the Council always waits with eager expectation for your continued support and active participation in all of its activities.

With these words, Honourable Speaker, I hereby table the Draft Reviewed IDP for 2016/17, the Draft Budget for 2016/17 and Budget Related policies for approval.

Thank You

## 1.2 Budget Related Resolutions

COUNCIL

2016-03-31

Item no: 37 DRAFT BUDGET 2016/17 AND DRAFT REVIEWED IDP FOR 2016/17  
(6.1.1 2016/17) (Municipal Manager)

### PURPOSE

1.2.1 To **CONSIDER** and **APPROVE** the Budget for 2016/17 that has been deliberated and compiled in terms of section 24 of the Municipal Financial Management Act 56 of 2003.

### 1.2.2 BACKGROUND

National Treasury's MFMA circular 78 was used to guide the compilation of the 2016/17 MTREF. Tariff increases were based on the CPI/Inflation of 6% and Electricity tariff increase was based on 9.4% as per NERSA guidelines.

#### Attached find the following:

- Executive summary
- Draft Budget for 2016/17
- Draft Reviewed IDP 2016/17
- MIG Project List
- Capital Budget
- Tariff Schedule
- Budget Related Policies

### 1.2.3 LEGAL AUTHORITY

In terms of section 24(1) of MFMA, Act 56 of 2003, the annual budget must be tabled at least 30 days before the start of the financial 2016/17. The Mayor should table the budget and the draft Reviewed IDP simultaneously.

Section 17(1) of MFMA, an Annual Budget of a Municipality must be a schedule in the prescribed format-

- (a) Setting out realistically anticipated revenue for the budget year from revenue source;
- (b) Appropriating expenditure for the budget year under the different votes of the municipality;
- (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;



- (d) Setting out-
- (I) estimated revenue and expenditure by vote for the current year; and
  - (II) actual revenue and expenditure by vote for the financial year preceding the current year; and
- (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.

**Council RESOLVED:**

1. That Council of the Gasegonyana LM, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts the Draft annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
  - Budgeted Financial Performance (revenue and expenditure by standard classification) Table A2
  - Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
  - Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4; and
  - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
2. That in terms of Section 24(c) (v) of the Municipal Finance Management Act, Act 56 of 2003, the budget related policies, including any amendments be tabled for the budget year 2016/17
3. That the General Tariffs as set out in the Tariffs Schedule be tabled for the 2016/17 financial year
4. That Council approves the Draft Reviewed IDP with amendments to be made on the IDP;
5. That the capital budget and MIG project list be approved
6. That Council approves budgeted new posts
7. That the 2016/17 Draft budget and Draft Reviewed IDP be submitted to both National and Provincial Treasury.

## 1.3 EXECUTIVE SUMMARY

### 1.3.1 INTRODUCTION AND BACKGROUND

The purpose of this document is to submit the 2016/17 Medium Term Budget for approval.

The Budget has been compiled within the framework of the Municipal Financial Management Act (No 56 of 2003), Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75 and 78. The 2016/17 Medium Term Budget continues to focus on ensuring financial sustainability while delivering on the programmes outlined in the Integrated Development Plan (IDP).

The Municipality's budget is split between operating revenue, operational and capital expenditure. Revenue generation is accounted by type/source of revenue whilst operational and capital expenditure is accounted for by type and by vote.

Revenue generated from sale of electricity remains the major source. The Municipality distributes electricity through prepaid electricity meters as well as conventional meters.

Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability. The **inflation outlook** as set out in Circular No 78 issued on 7 December 2015 is set at **6%**.

As announced by NERSA and also contained in Circular 78, the bulk purchases from Eskom will increase with 9.4%.

In terms of Council's social commitment to assist the poorer communities in Gasegonyana LM, provision was also made for the supply of free basic services. The total amount budgeted for **free basic services** to our community amounts to **R2.131 Million**.

The **Capital Budget of R125 567 million for 2016/17 is 11.51% less** when compared to the 2015/16 Original Budget. The Capital Budget is largely driven by projects emanating from the IDP projects identified by the community.



### Consolidated Overview of the 2016/17 MTREF

	Adjustment 2015/16	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19
Total Operating Revenue	324 067	317 278	341 592	363 000
Total Operating Expenditure	322 324	315 332	333 622	352 972
Surplus / Deficit for the year	1 734	1 945	7 970	10 029
Total Capital Expenditure	137 926	125 567	147 022	143 358

Total operating revenue has decreased by R6 789 million for the 2016/17 financial year when compared to the 2015/16 Budget.

Total operating expenditure amounts to R317 278 million in the 2016/17 financial year. Thus, it translates into a budgeted surplus of R1 945 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by R6 992 million in the 2016/17 budget.

## 1.4 OPERATING REVENUE FRAMEWORK

For Ga-Segonyana Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>									
Property rates	2	16,889	19,813	26,115	34,887	34,737	36,980	39,125	41,394
Service charges - electricity revenue	2	65,240	64,473	70,872	85,241	85,391	82,966	87,778	92,869
Service charges - water revenue	2	13,652	15,782	16,008	18,500	17,500	18,021	19,066	20,172
Service charges - sanitation revenue	2	8,784	9,175	10,433	11,100	11,500	11,766	12,448	13,170
Service charges - refuse revenue	2	5,895	6,365	6,993	8,500	8,500	9,010	9,533	10,085
Rental of facilities and equipment		1,265	1,243	1,407	1,569	1,900	1,079	1,141	1,207
Interest earned - external investments		1,714	1,401	1,693	1,500	1,500	1,590	1,682	1,780
Interest earned - outstanding debtors		637	1,285	4,080	4,280	4,780	5,000	5,290	5,597
Fines		4,814	8,339	13,999	1,805	1,811	1,204	1,273	1,347
Licences and permits		3,419	3,815	3,914	3,182	3,247	3,049	3,226	3,413
Agency services					1,872	1,872	1,984	2,099	2,221
Transfers recognised - operational		101,030	89,604	100,561	132,697	132,552	122,951	135,994	145,478
Other revenue	2	4,703	38,026	27,693	17,946	18,777	21,679	22,936	24,266
Gains on disposal of PPE		1,048	196					-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>229,091</b>	<b>259,516</b>	<b>283,769</b>	<b>323,080</b>	<b>324,067</b>	<b>317,278</b>	<b>341,592</b>	<b>363,000</b>

The total revenue budget is projected at R317 278 million in 2016/17, representing an decrease in revenue of R6 789 million on the 2015/16 Adjustment Budget of R324 067 million. The allocation for the outer two years of the MTREF period is

R341 592 million and R363 000 million respectively. Revenue generated from rates and services charges forms a significant part of the revenue. Rates and services charges constitutes 50.03% of the budgeted revenue in the 2016/17 budget year.

#### **1.4.1 ASSESSMENT RATES**

The current General Valuation Roll was implemented in July 2014 and is envisaged to be in force until June 2018 as per the directives of the Local Government Municipal Property Rates Act (2004).

In respect of qualifying senior citizens and disabled persons, the first R 25 000 of the ratable value of their residential properties are exempted from rates. Indigent owners and child headed families will receive a 100% rebate from payment of property tax subject to application.

The assessment rates revenue increase by 6.07% (R 34 737 million, adjusted budget) in the 2015/16 budget year to R 36 980 million. The resultant projected income from this source of revenue is R 39 125 million and R 41 394 million respectively for the two outer years of the MTREF period. In terms of the MFMA Monthly Financial Reporting for the period ending 31 December 2015 the municipality had already billed 72.86% of the 2015/16 projected revenue for the financial period.

Increased tariffs per rating category will be as follows

CATEGORY	Current Tariff (1 July 2015)	Proposed Tariff (1 July 2016)
Household	0.005619	0.005956
Business	0.009509	0.010079
Agriculture	0.000282	0.000299
State Owned Property	0.017392	0.018436

#### **1.4.2 ELECTRICITY SERVICE CHARGES**

The service charges revenue is projected at R82 966million in 2016/17, representing a decrease in revenue of R2 965million (2.84%) in 2015/16 Adjustment Budget of R85 391 million. The allocation for the outer two years of the MTREF period is R87 778 million and R92 869 million respectively.

### **1.4.3 WATER SERVICE CHARGES**

The water revenue is projected to increase from R17 500 million in the 2015/16 Adjustment Budget to R 18 021 million. The projected revenue for the two outer years of the MTREF period is R19 066 million and R20 172 million respectively. The percentage increase in the water revenue is informed by new developments taken place in town as well as the efforts implemented to reduce the water losses. Indigents households will continue to receive free 6(kl) of water per month

### **1.4.4 SEWER SERVICE CHARGES**

The projected income from this source of revenue grows to R11 766 million in the 2016/17 budget year and by R 12 448 million and R13 170 million respectively for the two outer years of the MTREF period

The sewerage tariffs are determined to be increased by 6% in the 2016/17 financial year.

### **1.4.5 OTHER REVENUE**

Other revenue reflects a increase of R2 902 million mainly as a result of the anticipated rise in sale of stands. The revenue projections for the two outer years of the MTREF period is R 22 936 million and R24 266 million respectively.

### **1.4.6 TRANSFERS RECOGNISED OPERATIONAL**

Operating grants and transfers totals R122 951 million or 38.75% of total income budget in the 2016/17 financial year and moves to R135 994 million by 2017/18.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium-term:

Description  R thousand	R ef	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Operating Transfers and Grants</b>									
National Government:		71,248	85,531	98,526	130,609	130,609	120,973	133,873	145,478
Local Government Equitable Share		66,467	73,591	86,992	109,444	109,444	117,413	130,941	143,078
Finance Management		1,500	1,550	1,600	1,675	1,675	1,810	2,145	2,400
Municipal Systems Improvement		800	890	934	940	940	750	787	
Water Services Operating Subsidy		1,481	6,500	7,000	17,500	17,500			
EPWP Incentive		1,000	1,000	1,000	1,050	1,050	1,000		
Integrated National Electrification Programme			2,000	1,000					
Provincial Government:		932	940	1,228	2,088	1,943	1,978	2,121	–
Sport and Recreation		932	940	1,228	2,088	1,943	1,978	2,121	
<b>Total Operating Transfers and Grants</b>	5	79,409	87,485	99,754	132,697	132,552	122,951	135,994	145,478

## 1.5 OPERATING EXPENDITURE FRAMEWORK

The operating budget expenditure increases from the adjustment budget amount of R322 334 Million in 2015/16 to a new budget amount of R315 332 million representing an decrease of R7 002 million in 2016/17. The allocation of the outer two years of the MTRF period is R333 622 million and R 352 972 million respectively.

The following table is a high level summary of the MTREF budget for 2016/17 to 2018/19 (classified per main type of operating expenditure):

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs	2	57,824	75,814	88,696	94,939	91,729	–	–	109,839	116,209	122,950
Remuneration of councillors		6,419	6,743	7,002	7,115	7,115			7,271	7,693	8,139
Debt impairment	3	10,682	(1,440)	23,704	505	505			537	568	601
Depreciation & asset impairment	2	38,292	43,157	51,578	37,639	37,639	–	–	21,046	22,267	23,558
Finance charges		4,661	2,652	3,042	2,343	2,343			2,512	2,658	2,812
Bulk purchases	2	53,847	61,139	52,315	69,419	69,419	–	–	75,944	80,349	85,009
Other materials	8									–	–
Contracted services		–	3,050	3,318	8,085	9,780	–	–	9,431	9,978	10,557
Transfers and grants		–	–	–	1,762	2,722	–	–	2,131	2,254	2,385
Other expenditure	4, 5	90,947	111,261	91,853	97,678	101,081	–	–	86,621	91,645	96,961
Loss on disposal of PPE		2,248		382						–	–
Total Expenditure		264,921	302,377	321,889	319,486	322,334	–	–	315,332	333,622	352,972

### 1.5.1 EMPLOYEE RELATED COSTS

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Personnel costs for the 2016/17 financial year amounts to R109 839 million and is an equivalent to 34.83% of the total operating expenditure

Personnel costs grew by R18 110 million based on the 2015/16 Adjustment Budget of R91 729 million. The allocation for the two outer years of the MTREF period is R116 209 million and R122 950 million respectively.

The 2016/17 salary budget increased by 16.49%, which is made up as follows:

	R
Salary Budget 2015/16	94 939
General Salary Increase 7%	6 646
Provision for New Positions	8 254
Salary Budget for 2016/17	109 839

An amount of R8 254 million has been provided for new positions in the 2016/17 financial year.

**Provision is made for the following new posts:**

1. PMS Manager
2. Council Administrator
3. Caravan Park Cleaner
4. Record Manager
5. Accountant Income
6. Assistant Accountant Payroll
7. Assistant Librarian
8. Supervisor Cleansing
9. Driver Night Shift Cleansing
10. General Worker Cemetery
11. General Worker Cemetery
12. Shift Leader Fire
13. Shift Leader Fire
14. Shift Leader Fire
15. Fire Fighter
16. Fire Fighter
17. Fire Fighter
18. Electrician
19. Blue Drop Admin
20. PMU Technician
21. PMU Technician

A detailed analysis is supplied with the discussion regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.



### **1.5.2 REMUNERATION OF COUNCILORS**

The budget of this line item is growing by (R0 156 million) to a new budget amount of R7 271 million. The allocation for the two outer years of the MTREF period is R7 457 million and R7 897 million respectively.

Further details regarding the remuneration of Councilors can be obtained on the Supporting Table SA22 and SA23

### **1.5.3 DEPRECIATION AND ASSETS IMPAIRMENT**

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Budget appropriations in this regard total R21 046 million for the 2016/17 financial and represent 6.67% of the total operating expenditure. The indicative allocated amount for the two outer years of the MTREF period is R22 267 million and R23 558 million respectively.

### **1.5.4 FINANCE CHARGES**

Finance Charges budget is R2 512 million for the 2016/17 budget year. The allocation for the two outer years of the MTREF period is R2 658 million and R2 812 million respectively. A lease agreement is to be entered into for white and yellow fleet for the 2016/17 MTREF.

### **1.5.5 BULK PURCHASE (ELECTRICITY)**

Bulk purchases grew by 9.4% (R6 525 million) against the 2015/16 budget, to the proposed amount of R75 944 million for the 2016/17 budget year. The allocation for the two outer years of the MTREF period is R80 349 million and R85 009 million respectively. Bulk purchases takes up approximately 24.08% of the operating budget for 2016/17.

Electricity contribution to the bulk costs is R2 million. As announced by NERSA and also contained in Circular 78, the bulk purchases from Eskom will increase with 9.4%.

### **1.5.6 CONTRACTED SERVICES**

Contracted Service budget is R9 431 million for the 2016/17 budget year. The allocation for the two outer years of the MTREF period is R9 978 million and R10 557 million respectively.

### **1.5.7 REPAIRS AND MAINTENANCE**

The repair and maintenance budget is projected at R21 846 Million in 2016/17, representing a decrease of R16 688 million (43.31%) on the 2015/16 Adjustment Budget of 38 534 Million. The allocation for the outer two years of the MTREF period is R23 113 Million and R24 454 Million respectively



## 1.6 CAPITAL EXPENDITURE

The capital budget has decreased by R12 359 million for the 2016/17 financial year to R125 567 million as compared to the approved Adjustment Budget of R137 926 million for the 2015/16 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R147 022 million and R143 358 million respectively.

The budget is funded mainly out of Government grants and subsidies, Public contributions and internally generated funds. The Municipal Infrastructure Grant (MIG) remains the biggest source of the government grants and subsidies.

The Capital Budget will be funded as follows:

Description R thousand	Adjusted Budget	2016/17 Medium Term Revenue & Expenditure Framework		
		Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19
<b>Funded by:</b>				
National Government	98 546	107 321	147 022	143 358
Provincial Government				
District Municipality				
Other transfers and grants				
<b>Transfers recognised - capital</b>	<b>98 546</b>	<b>107 321</b>	<b>147 022</b>	<b>143 358</b>
<b>Public contributions &amp; donations</b>	38 000	15 000		
<b>Borrowing</b>		1600		
<b>Internally generated funds</b>	1 380	1 646		
<b>Total Capital Funding</b>	<b>137 926</b>	<b>125 567</b>	<b>147 022</b>	<b>143 358</b>

TableSA36 provides a detailed breakdown of capital projects for 2016/17 MREF.

## **1.7 Annual Budget Tables**

These tables present the main budget tables as required in terms of section 18 of the Municipal Budget and Reporting Regulations. These tables set out the Municipality 2016/17 budget and MTREF.

Table A1: Budget Summary

Table A2: Budget Financial Performance (standard classification)

Table A3: Budget Financial Performance (revenue and expenditure by municipal vote)

Table A4: Budget Financial Performance (revenue and expenditure)

Table A5: Capital Expenditure Budget by vote and funding

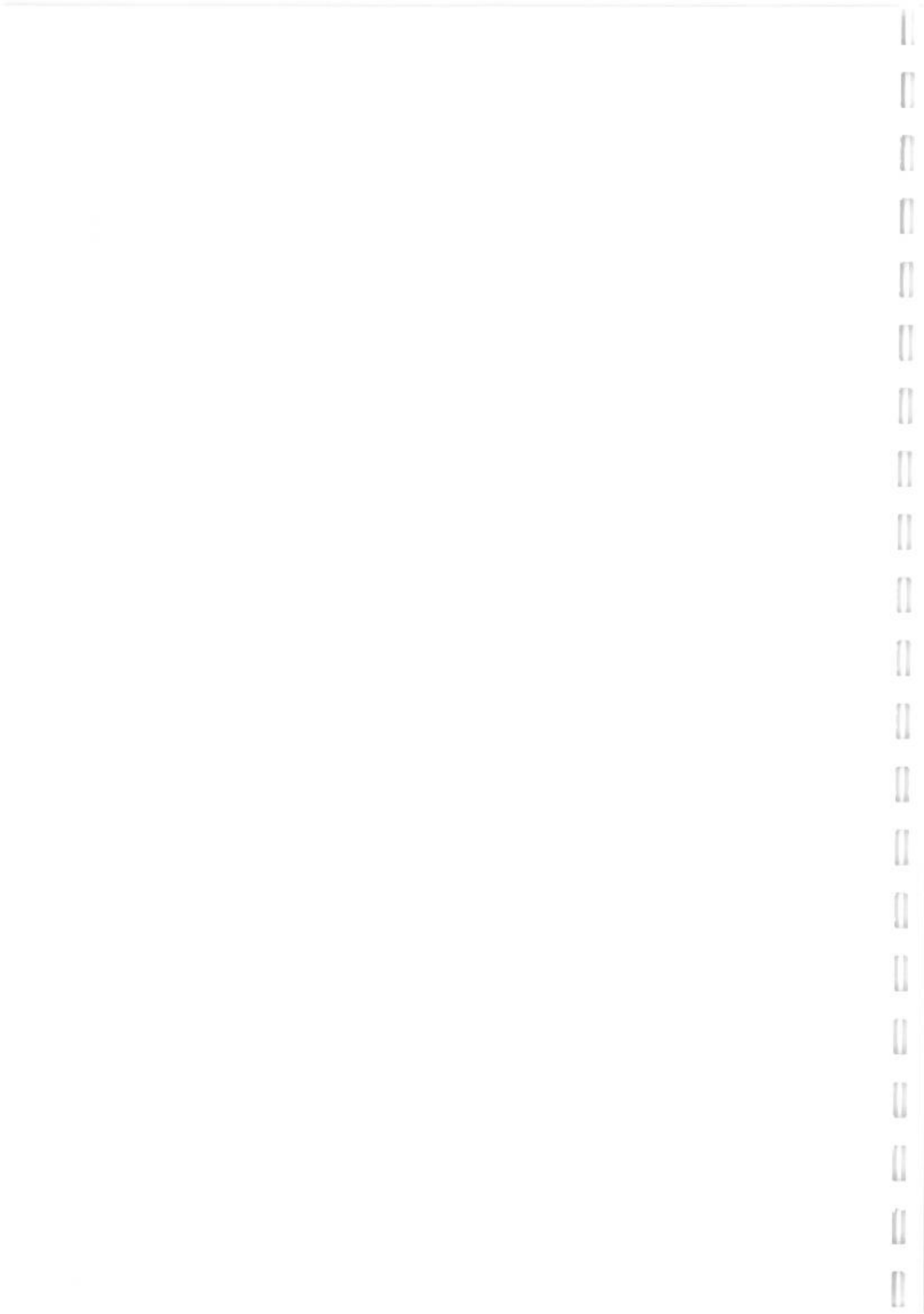
Table A6: Budget Financial Position

Table A7: Adjustments Budget Cash Flows

Table A8: Cash backed reserves/accumulated surplus reconciliation

Table A9: Asset Management

Table A10: Basic service delivery measurement



# NC452 Ga-Segonyana - Contact Information

## A. GENERAL INFORMATION

Municipality	NC452 Ga-Segonyana
Grade	
Province	NC NORTHERN CAPE
Web Address	
e-mail Address	

7 Grade is level of the Personnel Act of Public Office Officers Act

## B. CONTACT INFORMATION

Postal address:	
P.O. Box	PRIVATE BAG X1522
City / Town	KURUMAN
Postal Code	8460
Street address	
Building	MUNICIPAL OFFICES
Street No. & Name	1 SKOOL STREET
City / Town	KURUMAN
Postal Code	8460
General Contacts	
Telephone number	053 712 9300
Fax number	053 712 3581

## C. POLITICAL LEADERSHIP

<b>Speaker:</b>		<b>Secretary/PA to the Speaker:</b>	
Name	MRT MEYERS	Name	MS K Mordong
Telephone number	053 712 9406	Telephone number	053 712 9449
Cell number		Cell number	
Fax number	053 712 3581	Fax number	053 712 3581
E-mail address	Kentoko@ga-segonyana.gov.za	E-mail address	
<b>Mayor/Executive Mayor:</b>		<b>Secretary/PA to the Mayor/Executive Mayor:</b>	
Name	MRT ANTHONY	Name	MS T SERAI
Telephone number	053 712 9388	Telephone number	053 712 9404
Cell number		Cell number	
Fax number	053 712 3581	Fax number	053 712 3581
E-mail address	anthonytuelo@gmail.com	E-mail address	diagnecia@gmail.com
<b>Deputy Mayor/Executive Mayor:</b>		<b>Secretary/PA to the Deputy Mayor/Executive Mayor:</b>	
Name		Name	
Telephone number		Telephone number	
Cell number		Cell number	
Fax number		Fax number	
E-mail address		E-mail address	

## D. MANAGEMENT LEADERSHIP

<b>Municipal Manager:</b>		<b>Secretary/PA to the Municipal Manager:</b>	
Name	MRT OF NTEFANG	Name	MS L NTWAGAE
Telephone number	053 712 9301	Telephone number	053 712 9301
Cell number		Cell number	
Fax number	053 712 3581	Fax number	053 712 3581
E-mail address	ntefang@ga-segonyana.gov.za	E-mail address	ntwagae@ga-segonyana.gov.za
<b>Chief Financial Officer</b>		<b>Secretary/PA to the Chief Financial Officer</b>	
Name	MRS T JARVIS	Name	MST BOOYSEN
Telephone number	053 712 9345	Telephone number	053 712 9415
Cell number		Cell number	
Fax number	053 712 3581	Fax number	053 712 3581
E-mail address	Tshego@ga-segonyana.gov.za	E-mail address	Lbooyesen@ga-segonyana.gov.za
<b>Official responsible for submitting financial information</b>			
Name	MS D PELELE		
Telephone number	053 712 9348		
Cell number			
Fax number	053 712 3581		
E-mail address	dpelele@ga-segonyana.gov.za		
<b>Official responsible for submitting financial information</b>			
Name	MS N KESWA		
Telephone number	053 712 9348		
Cell number	072 488 8864		
Fax number	053 712 3581		
E-mail address	keswanontla@gmail.com		
<b>Official responsible for submitting financial information</b>			
Name	Mrs. Constance Kalaolo		
Telephone number	053 712 9348		
Cell number	073 064 1270		
Fax number	053 712 3581		
E-mail address	conymarwane@gmail.com		



NC452 Ga-Segonyana - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	16,889	19,813	26,115	34,887	34,737	-	-	36,980	39,125	41,394
Service charges	93,572	95,795	104,305	123,341	122,891	-	-	121,763	128,825	135,297
Investment revenue	1,714	1,401	1,693	1,500	1,500	-	-	1,590	1,682	1,780
Transfers recognised - operational	101,030	89,604	100,561	132,697	132,552	-	-	122,951	135,994	145,478
Other own revenue	15,886	52,904	51,094	30,655	32,388	-	-	33,994	35,965	38,061
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>229,091</b>	<b>259,516</b>	<b>283,769</b>	<b>323,080</b>	<b>324,067</b>	<b>-</b>	<b>-</b>	<b>317,278</b>	<b>341,592</b>	<b>363,000</b>
Employee costs	57,824	75,814	88,696	94,939	91,729	-	-	109,839	116,709	122,950
Remuneration of councillors	6,419	6,743	7,002	7,115	7,115	-	-	7,271	7,693	8,139
Depreciation & asset impairment	38,292	43,157	51,578	37,639	37,639	-	-	21,046	22,267	23,558
Finance charges	4,661	2,652	3,042	2,343	2,343	-	-	2,512	2,658	2,812
Materials and bulk purchases	53,847	81,139	52,315	69,419	69,419	-	-	75,944	80,349	85,009
Transfers and grants	-	-	-	1,762	2,722	-	-	2,131	2,254	2,385
Other expenditure	103,878	112,871	119,256	106,268	111,366	-	-	96,589	102,192	108,119
<b>Total Expenditure</b>	<b>264,921</b>	<b>302,377</b>	<b>321,889</b>	<b>319,486</b>	<b>322,334</b>	<b>-</b>	<b>-</b>	<b>315,332</b>	<b>333,622</b>	<b>352,972</b>
<b>Surplus/(Deficit)</b>	<b>(35,830)</b>	<b>(42,861)</b>	<b>(38,120)</b>	<b>3,594</b>	<b>1,734</b>	<b>-</b>	<b>-</b>	<b>1,945</b>	<b>7,970</b>	<b>10,029</b>
Transfers recognised - capital	51,340	75,950	85,072	98,546	98,546	-	-	107,321	147,022	143,358
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>15,510</b>	<b>33,089</b>	<b>46,953</b>	<b>102,140</b>	<b>100,280</b>	<b>-</b>	<b>-</b>	<b>109,266</b>	<b>154,992</b>	<b>153,387</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>15,510</b>	<b>33,089</b>	<b>46,953</b>	<b>102,140</b>	<b>100,280</b>	<b>-</b>	<b>-</b>	<b>109,266</b>	<b>154,992</b>	<b>153,387</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>-</b>	<b>-</b>	<b>125,567</b>	<b>147,022</b>	<b>143,358</b>
Transfers recognised - capital	55,163	113,332	88,876	98,546	98,546	-	-	107,321	147,022	143,358
Public contributions & donations	-	-	5,159	38,000	38,000	-	-	15,000	-	-
Borrowing	1,644	2,316	-	-	-	-	-	1,600	-	-
Internally generated funds	1,120	5,468	3,940	3,485	1,380	-	-	1,646	-	-
<b>Total sources of capital funds</b>	<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>-</b>	<b>-</b>	<b>125,567</b>	<b>147,022</b>	<b>143,358</b>
<b>Financial position</b>										
Total current assets	56,314	63,087	67,861	41,639	55,836	-	-	333,530	364,297	398,446
Total non current assets	901,418	978,251	1,029,666	1,175,229	1,176,231	-	-	1,138,289	1,284,184	1,426,266
Total current liabilities	55,609	40,256	52,136	24,436	24,436	-	-	44,414	38,271	28,729
Total non current liabilities	56,708	57,959	57,537	25,782	25,782	-	-	22,433	20,154	17,884
Community wealth/Equity	845,416	943,123	987,854	1,166,649	1,181,848	-	-	1,404,971	1,580,056	1,778,090
<b>Cash flows</b>										
Net cash from (used) operating	65,460	116,861	92,770	97,512	101,467	-	-	114,975	161,032	159,777
Net cash from (used) investing	(1,382)	(120,676)	(98,645)	(90,908)	(98,908)	-	-	(125,567)	(147,022)	(143,358)
Net cash from (used) financing	-	(3,535)	(2,191)	(2,416)	(2,416)	-	-	(2,416)	(2,556)	(2,704)
<b>Cash/cash equivalents at the year end</b>	<b>80,943</b>	<b>12,544</b>	<b>4,478</b>	<b>5,493</b>	<b>5,161</b>	<b>-</b>	<b>-</b>	<b>540</b>	<b>11,994</b>	<b>25,709</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	19,894	12,544	631	5,493	4,478	-	-	540	11,994	25,709
Application of cash and investments	22,135	11,833	6,222	(6,714)	(7,588)	-	-	(242,018)	(264,401)	(291,138)
<b>Balance - surplus (shortfall)</b>	<b>(2,241)</b>	<b>711</b>	<b>(5,591)</b>	<b>12,207</b>	<b>12,066</b>	<b>-</b>	<b>-</b>	<b>242,558</b>	<b>276,395</b>	<b>316,847</b>
<b>Asset management</b>										
Asset register summary (WDV)	963,528	941,863	1,027,627	1,173,303	1,174,305	-	1,136,389	1,136,389	1,282,270	1,424,336
Depreciation & asset impairment	38,292	43,157	51,578	37,639	37,639	-	21,046	21,046	22,267	23,558
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	21,119	44,707	41,153	39,317	38,534	-	21,846	21,846	23,114	24,454
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	1,864	1,972
Revenue cost of free services provided	1,063	3,438	5,952	1,975	2,125	-	-	-	2,094	2,215
<b>Households below minimum service level</b>										
Water:	46	0	26	28	28	-	33	33	40	48
Sanitation/sewerage:	19	3	11	11	11	-	14	14	17	20
Energy:	54	-	31	33	33	-	39	39	47	57
Refuse:	58	16	33	35	35	-	42	42	51	61

IC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
... thousand	1									
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		<b>31,779</b>	<b>33,529</b>	<b>47,487</b>	<b>59,518</b>	<b>60,524</b>	–	<b>64,650</b>	<b>68,400</b>	<b>72,367</b>
Executive and council		9,402	10,430	12,682	15,876	15,926	–	15,503	16,402	17,354
Budget and treasury office		22,018	23,099	34,467	43,334	44,180	–	47,741	50,510	53,440
Corporate services		359	–	339	308	418	–	1,405	1,487	1,573
<b>Community and public safety</b>		<b>11,469</b>	<b>9,092</b>	<b>20,925</b>	<b>10,779</b>	<b>10,720</b>	–	<b>10,319</b>	<b>10,917</b>	<b>11,550</b>
Community and social services		1,162	1,101	1,379	2,275	2,141	–	2,740	2,899	3,068
Sport and recreation		1,344	1,106	1,239	1,373	1,373	–	921	974	1,031
Public safety		8,940	6,852	18,275	7,099	7,164	–	6,587	6,969	7,374
Housing		–	–	–	–	–	–	–	–	–
Health		23	33	32	31	41	–	70	74	78
<b>Economic and environmental services</b>		<b>35,361</b>	<b>31,759</b>	<b>33,272</b>	<b>39,710</b>	<b>40,064</b>	–	<b>53,972</b>	<b>69,034</b>	<b>81,844</b>
Planning and development		29,369	24,253	10,667	16,954	17,310	–	26,881	28,902	43,585
Road transport		5,993	7,506	22,605	22,756	22,754	–	27,091	40,132	38,259
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>201,777</b>	<b>261,037</b>	<b>267,157</b>	<b>311,620</b>	<b>311,306</b>	–	<b>295,658</b>	<b>340,263</b>	<b>340,598</b>
Electricity		96,020	100,139	104,390	131,169	131,319	–	127,722	135,130	142,968
Water		68,491	115,991	112,981	120,400	119,430	–	96,251	121,408	124,642
Waste water management		16,969	11,215	25,755	30,139	30,543	–	38,921	49,061	36,313
Waste management		20,297	33,691	24,031	29,912	30,014	–	32,764	34,664	36,675
<b>Other</b>	4	<b>44</b>	<b>49</b>	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>	2	<b>280,431</b>	<b>335,466</b>	<b>368,842</b>	<b>421,626</b>	<b>422,613</b>	–	<b>424,599</b>	<b>488,614</b>	<b>506,358</b>
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		<b>44,164</b>	<b>52,099</b>	<b>75,960</b>	<b>65,977</b>	<b>67,912</b>	–	<b>77,976</b>	<b>82,499</b>	<b>87,284</b>
Executive and council		15,852	23,968	21,972	18,740	19,744	–	21,117	22,341	23,637
Budget and treasury office		19,877	28,131	37,065	27,390	29,641	–	36,709	38,838	41,091
Corporate services		8,435	–	16,923	19,847	18,527	–	20,151	21,320	22,556
<b>Community and public safety</b>		<b>35,351</b>	<b>46,854</b>	<b>43,481</b>	<b>43,650</b>	<b>43,862</b>	–	<b>46,514</b>	<b>49,212</b>	<b>52,066</b>
Community and social services		6,640	16,727	11,357	17,709	17,484	–	17,070	18,060	19,107
Sport and recreation		9,063	7,995	14,411	9,135	9,434	–	10,107	10,693	11,314
Public safety		19,101	21,725	17,595	16,740	16,858	–	19,263	20,380	21,562
Housing		3	4	–	–	–	–	–	–	–
Health		544	403	118	66	86	–	75	79	84
<b>Economic and environmental services</b>		<b>36,567</b>	<b>49,627</b>	<b>44,316</b>	<b>34,507</b>	<b>35,183</b>	–	<b>34,276</b>	<b>36,264</b>	<b>36,367</b>
Planning and development		12,751	29,433	18,476	13,905	14,155	–	13,496	14,279	15,107
Road transport		23,816	20,195	25,840	20,602	21,028	–	20,780	21,985	23,260
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>147,208</b>	<b>150,132</b>	<b>158,133</b>	<b>175,352</b>	<b>175,377</b>	–	<b>156,566</b>	<b>165,647</b>	<b>175,254</b>
Electricity		80,816	76,746	70,332	90,871	91,701	–	95,372	100,904	106,756
Water		40,699	45,600	48,443	61,746	60,182	–	38,395	40,622	42,978
Waste water management		12,260	12,260	18,562	5,363	5,661	–	5,770	6,105	6,459
Waste management		13,433	15,525	20,795	17,372	17,833	–	17,028	18,015	19,060
<b>Other</b>	4	<b>1,630</b>	<b>3,664</b>	–	–	–	–	–	–	–
<b>Total Expenditure - Standard</b>	3	<b>264,921</b>	<b>302,377</b>	<b>321,889</b>	<b>319,486</b>	<b>322,334</b>	–	<b>315,332</b>	<b>333,622</b>	<b>352,972</b>
<b>Surplus/(Deficit) for the year</b>		<b>15,510</b>	<b>33,089</b>	<b>46,953</b>	<b>102,140</b>	<b>100,280</b>	–	<b>109,266</b>	<b>154,992</b>	<b>153,387</b>

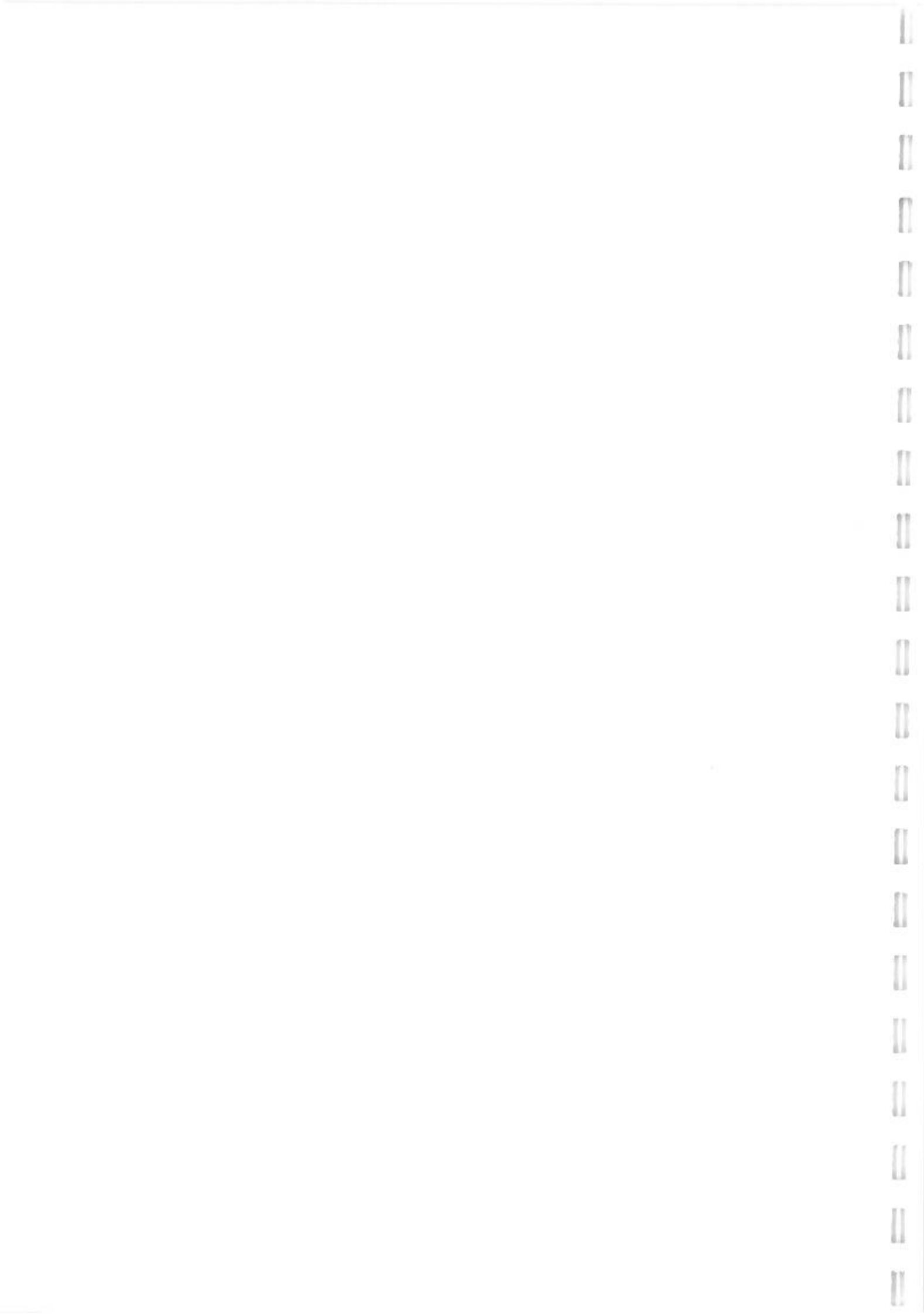
References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification





NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote		1									
Vote 1 - EXECUTIVE & COUNCIL			9,402	10,430	12,682	15,876	15,926	–	15,503	16,402	17,354
Vote 2 - BUDGET & TREASURY			22,018	23,099	34,467	43,334	44,180	–	47,741	50,510	53,440
Vote 3 - CORPORATE SERVICES			359	–	339	308	418	–	1,405	1,487	1,573
Vote 4 - PLANNING & DEVELOPMENT			29,369	24,253	10,667	16,954	17,310	–	26,881	28,902	43,585
Vote 5 - HEALTH			23	33	32	31	41	–	70	74	78
Vote 6 - COMMUNITY & SOCIAL SERVICES			1,162	1,101	1,379	2,275	2,141	–	2,740	2,899	3,068
Vote 7 - PUBLIC SAFETY			8,940	6,852	18,275	7,099	7,164	–	8,587	6,969	7,374
Vote 8 - WASTE WATER MANAGEMENT			16,969	11,215	25,755	30,139	30,543	–	38,921	49,061	36,313
Vote 9 - ROAD TRANSPORT			5,993	7,506	22,605	22,756	22,754	–	27,091	40,132	38,259
Vote 10 - WATER			68,491	115,591	112,981	120,400	119,430	–	96,251	121,409	124,642
Vote 11 - Electricity			96,020	100,139	104,390	131,169	131,319	–	127,722	135,130	142,968
Vote 12 - WASTE MANAGEMENT			20,297	33,691	24,031	29,912	30,014	–	32,764	34,664	36,675
Vote 13 - SPORTS & RECREATION			1,344	1,106	1,239	1,373	1,373	–	921	974	1,031
Vote 14 - OTHER			44	49	–	–	–	–	–	–	–
Vote 15 - HOUSING			–	–	–	–	–	–	–	–	–
Total Revenue by Vote		2	280,431	335,466	368,842	421,626	422,613	–	424,599	488,614	506,358
Expenditure by Vote to be appropriated		1									
Vote 1 - EXECUTIVE & COUNCIL			15,852	23,968	21,972	18,740	19,744	–	21,117	22,341	23,637
Vote 2 - BUDGET & TREASURY			19,877	28,131	37,065	27,390	29,641	–	36,709	38,838	41,091
Vote 3 - CORPORATE SERVICES			8,435	–	16,523	19,847	18,527	–	20,151	21,320	22,556
Vote 4 - PLANNING & DEVELOPMENT			12,751	29,433	18,476	13,905	14,155	–	13,486	14,279	15,107
Vote 5 - HEALTH			544	403	118	66	86	–	75	79	84
Vote 6 - COMMUNITY & SOCIAL SERVICES			6,640	16,727	11,357	17,709	17,484	–	17,070	18,060	19,107
Vote 7 - PUBLIC SAFETY			19,101	21,725	17,595	16,740	16,858	–	19,263	20,380	21,562
Vote 8 - WASTE WATER MANAGEMENT			12,260	12,260	18,562	5,363	5,661	–	5,770	6,105	6,459
Vote 9 - ROAD TRANSPORT			23,816	20,195	25,840	20,602	21,028	–	20,780	21,985	23,260
Vote 10 - WATER			40,699	45,600	48,443	61,746	60,182	–	38,395	40,622	42,978
Vote 11 - Electricity			80,816	76,746	70,332	90,871	91,701	–	95,372	100,904	106,756
Vote 12 - WASTE MANAGEMENT			13,433	15,525	20,795	17,372	17,833	–	17,028	18,015	19,060
Vote 13 - SPORTS & RECREATION			9,063	7,995	14,411	9,135	9,434	–	10,107	10,693	11,314
Vote 14 - OTHER			1,630	3,664	–	–	–	–	–	–	–
Vote 15 - HOUSING			3	4	–	–	–	–	–	–	–
Total Expenditure by Vote		2	264,921	302,377	321,889	319,486	322,334	–	315,332	333,622	352,972
Surplus/(Deficit) for the year		2	15,510	33,089	46,953	102,140	100,280	–	109,266	154,992	153,387

**References:**

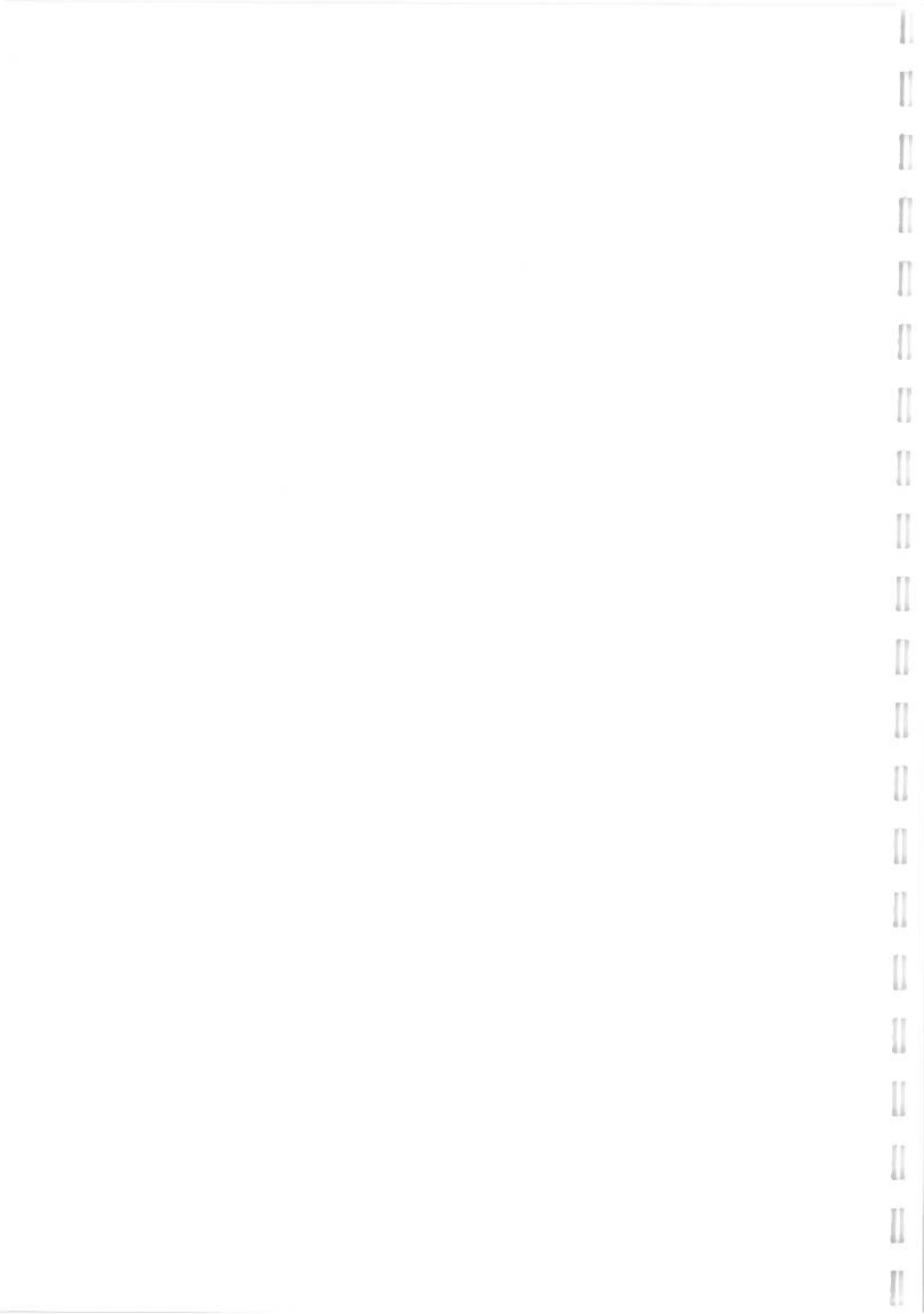
1. insert 'Vote', e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

2016/17 Medium Term Revenue & Expenditure Framework											
Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome		
Revenue By Source											
Property rates	2		16,889	19,813	26,115	34,887	34,737	-	-	36,980	39,125
Property rates - penalties & collection charges											41,394
Service charges - electricity revenue	2		65,240	64,473	70,872	85,241	85,391	-	-	82,966	87,778
Service charges - water revenue	2		13,662	15,782	16,008	18,500	17,500	-	-	18,021	20,172
Service charges - sanitation revenue	2		8,784	9,175	10,433	11,100	11,500	-	-	11,766	13,170
Service charges - refuse revenue	2		5,895	6,365	6,993	8,500	8,500	-	-	9,010	10,085
Service charges - other											-
Rental of facilities and equipment			1,265	1,243	1,407	1,569	1,900			1,079	1,141
Interest earned - external investments			1,714	1,401	1,693	1,500	1,500			1,590	1,682
Interest earned - outstanding debtors			637	1,285	4,080	4,280	4,780			5,000	5,597
Dividends received											-
Fines			4,814	8,339	13,999	1,805	1,811			1,204	1,273
Licences and permits			3,419	3,815	3,914	3,182	3,247			3,049	3,226
Agency services						1,872	1,872			1,984	2,099
Transfers recognised - operational			101,030	89,604	100,561	132,697	132,552			122,951	135,994
Other revenue	2		4,703	38,026	27,693	17,946	18,777	-	-	21,679	22,936
Gains on disposal of PPE			1,048	196							-
Total Revenue (excluding capital transfers and contributions)			229,091	259,516	283,769	323,080	324,067	-	-	317,278	341,592
Expenditure By Type											
Employee related costs	2		57,024	75,014	88,696	94,939	91,729	-	-	109,839	116,209
Remuneration of councillors			6,419	6,743	7,002	7,115	7,115			7,271	7,693
Debt impairment	3		10,682	(1,440)	23,704	505	505			537	568
Depreciation & asset impairment	2		38,292	43,157	51,578	37,639	37,639	-	-	21,046	22,267
Finance charges			4,661	2,652	3,042	2,343	2,343			2,512	2,658
Bulk purchases	2		53,847	61,139	52,315	69,419	69,419	-	-	75,944	80,349
Other materials	8										-
Contracted services			-	3,050	3,318	8,085	9,780	-	-	9,431	9,978
Transfers and grants			-	-	-	1,762	2,722	-	-	2,131	2,254
Other expenditure	4, 5		90,947	111,261	91,853	97,678	101,081	-	-	86,621	91,645
Loss on disposal of PPE			2,248		382						-
Total Expenditure			264,921	302,377	321,889	319,486	322,334	-	-	315,332	333,622
Surplus/(Deficit)			(35,830)	(42,861)	(38,120)	3,594	1,734	-	-	1,945	7,970
Transfers recognised - capital			51,340	75,950	85,072	98,546	98,546			107,321	147,022
Contributions recognised - capital	6		-	-	-	-	-	-	-	-	-
Contributed assets											-
Surplus/(Deficit) after capital transfers & contributions			15,510	33,089	46,953	102,140	100,280	-	-	109,266	154,992
Taxation											
Surplus/(Deficit) after taxation			15,510	33,089	46,953	102,140	100,280	-	-	109,266	154,992
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			15,510	33,089	46,953	102,140	100,280	-	-	109,266	154,992
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year			15,510	33,089	46,953	102,140	100,280	-	-	109,266	154,992

**References**

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method



NC452 Ga-Segonyana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pro-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 14 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 15 - HOUSING		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	523	863	80	340	-	-	1,611	-	-
Vote 2 - BUDGET & TREASURY		10	961	-	525	155	-	-	190	-	-
Vote 3 - CORPORATE SERVICES		141	-	163	345	455	-	-	184	-	-
Vote 4 - PLANNING & DEVELOPMENT		3,487	10,019	11,308	3,010	2,050	-	-	10,302	10,027	8,000
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	324	-	265	380	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		2,529	1,811	-	375	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	4,662	8,064	9,407	11,032	-	-	17,520	28,419	12,358
Vote 9 - ROAD TRANSPORT		-	22,323	19,302	31,881	25,941	-	-	26,860	33,976	38,000
Vote 10 - WATER		44,025	74,307	58,275	90,303	94,573	-	-	68,900	76,601	85,000
Vote 11 - Electricity		7,736	6,186	-	3,210	3,000	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	210	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	420	-	-	-	-	-	-
Vote 14 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 15 - HOUSING		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		57,927	121,115	97,975	140,031	137,926	-	-	125,567	147,022	143,358
<b>Total Capital Expenditure - Vote</b>		57,927	121,115	97,975	140,031	137,926	-	-	125,567	147,022	143,358
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		151	1,483	1,026	950	950	-	-	1,985	-	-
Executive and council		-	523	863	80	340	-	-	1,611	-	-
Budget and treasury office		10	961	-	525	155	-	-	190	-	-
Corporate services		141	-	163	345	455	-	-	184	-	-
<b>Community and public safety</b>		2,529	2,135	-	1,060	380	-	-	-	-	-
Community and social services		-	324	-	265	380	-	-	-	-	-
Sport and recreation		-	-	-	420	-	-	-	-	-	-
Public safety		2,529	1,811	-	375	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		3,487	32,343	30,610	34,891	27,991	-	-	37,162	44,003	46,000
Planning and development		3,487	10,019	11,308	3,010	2,050	-	-	10,302	10,027	8,000
Road transport		-	22,323	19,302	31,881	25,941	-	-	26,860	33,976	38,000
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		51,760	85,154	66,339	103,130	108,605	-	-	86,420	103,019	97,358
Electricity		7,736	6,186	-	3,210	3,000	-	-	-	-	-
Water		44,025	74,307	58,275	90,303	94,573	-	-	68,900	76,601	85,000
Waste water management		-	4,662	8,064	9,407	11,032	-	-	17,520	28,419	12,358
Waste management		-	-	-	210	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	57,927	121,115	97,975	140,031	137,926	-	-	125,567	147,022	143,358
<b>Funded by:</b>											
National Government		55,163	113,332	88,876	98,546	98,546	-	-	107,321	147,022	143,358
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	55,163	113,332	88,876	98,546	98,546	-	-	107,321	147,022	143,358
<b>Public contributions &amp; donations</b>	<b>5</b>	-	-	5,159	38,000	38,000	-	-	15,000	-	-
<b>Borrowing</b>	<b>6</b>	1,644	2,316	-	-	-	-	-	1,600	-	-
<b>Internally generated funds</b>		1,120	5,468	3,940	3,485	1,380	-	-	1,646	-	-
<b>Total Capital Funding</b>	<b>7</b>	57,927	121,115	97,975	140,031	137,926	-	-	125,567	147,022	143,358

**References**

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
3. Capital expenditure by standard classification must reconcile to the appropriations by vote.
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure).
5. Must reconcile to Budgeted Financial Performance (revenue and expenditure).
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17.
7. Total Capital Funding must balance with Total Capital Expenditure.
8. Include any capitalised interest (MFMA section 45) as part of relevant capital budget.

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2452 Ga-Segonyana - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		19,894	12,544	812	5,493	4,478			540	11,994	25,709
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	17,702	16,422	28,526	28,832	28,832	–	–	298,990	316,332	334,679
Other debtors		14,500	7,481	16,469	4,031	4,031			15,000	15,870	16,790
Current portion of long-term receivables		271			271	271			–	–	–
Inventory	2	3,947	26,640	22,053	3,011	18,224			19,000	20,102	21,268
<b>Total current assets</b>		<b>56,314</b>	<b>63,087</b>	<b>67,861</b>	<b>41,639</b>	<b>55,836</b>	<b>–</b>	<b>–</b>	<b>333,530</b>	<b>364,297</b>	<b>398,446</b>
<b>Non current assets</b>											
Long-term receivables		432		390	241	241			250	265	280
Investments											
Investment property		661	1,500	1,663	661	1,663			1,660	1,660	1,660
Investment in Associate											
Property, plant and equipment	3	897,774	974,443	1,025,482	1,171,784	1,171,784	–	–	1,133,797	1,279,599	1,421,665
Agricultural											
Biological											
Intangible		865	658	481	858	858			931	1,011	1,011
Other non-current assets		1,686	1,650	1,650	1,686	1,686			1,650	1,650	1,650
<b>Total non current assets</b>		<b>901,418</b>	<b>978,251</b>	<b>1,029,666</b>	<b>1,175,229</b>	<b>1,176,231</b>	<b>–</b>	<b>–</b>	<b>1,138,289</b>	<b>1,284,184</b>	<b>1,426,266</b>
<b>TOTAL ASSETS</b>		<b>957,732</b>	<b>1,041,338</b>	<b>1,097,527</b>	<b>1,216,868</b>	<b>1,232,067</b>	<b>–</b>	<b>–</b>	<b>1,471,818</b>	<b>1,648,482</b>	<b>1,824,712</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1			181						–	–
Borrowing	4	2,734	3,293	3,070	2,313	2,313	–	–	2,627	2,406	2,185
Consumer deposits		2,431	2,656	3,076	2,804	2,804			2,500	2,645	2,798
Trade and other payables	4	49,448	33,171	44,871	18,245	18,245	–	–	38,188	32,057	22,515
Provisions		996	1,136	937	1,075	1,075			1,100	1,164	1,231
<b>Total current liabilities</b>		<b>55,609</b>	<b>40,256</b>	<b>52,136</b>	<b>24,436</b>	<b>24,436</b>	<b>–</b>	<b>–</b>	<b>44,414</b>	<b>38,271</b>	<b>28,729</b>
<b>Non current liabilities</b>											
Borrowing		27,679	24,991	22,566	25,782	25,782	–	–	19,906	17,481	15,056
Provisions		29,029	32,967	34,971	–	–	–	–	2,526	2,673	2,828
<b>Total non current liabilities</b>		<b>56,708</b>	<b>57,959</b>	<b>57,537</b>	<b>25,782</b>	<b>25,782</b>	<b>–</b>	<b>–</b>	<b>22,433</b>	<b>20,154</b>	<b>17,884</b>
<b>TOTAL LIABILITIES</b>		<b>112,317</b>	<b>98,215</b>	<b>109,673</b>	<b>50,219</b>	<b>50,219</b>	<b>–</b>	<b>–</b>	<b>66,847</b>	<b>58,426</b>	<b>46,613</b>
<b>NET ASSETS</b>	5	<b>845,416</b>	<b>943,123</b>	<b>987,854</b>	<b>1,166,649</b>	<b>1,181,848</b>	<b>–</b>	<b>–</b>	<b>1,404,971</b>	<b>1,590,056</b>	<b>1,778,099</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		845,416	908,553	953,284	1,166,649	1,181,848			1,404,971	1,590,056	1,778,099
Reserves	4	–	34,570	34,570	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>845,416</b>	<b>943,123</b>	<b>987,854</b>	<b>1,166,649</b>	<b>1,181,848</b>	<b>–</b>	<b>–</b>	<b>1,404,971</b>	<b>1,590,056</b>	<b>1,778,099</b>

**References**

Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

Detail to be provided in Table SA3. Includes reserves to be funded by statute.

Net assets must balance with Total Community Wealth/Equity



2452 Ga-Segonyana - Table A7 Budgeted Cash Flows

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
			14,772	12,414	17,045	26,165	28,165			33,282	35,212	37,255
			84,666	96,112	64,048	92,506	92,506			109,587	115,943	122,668
			5,432	41,729	73,479	23,737	27,607			28,594	30,875	32,454
	1		107,430	93,963	102,916	132,697	132,552			122,951	135,994	145,478
	1		55,163	65,916	91,055	98,546	98,546			107,321	147,022	143,358
			2,351	1,401		5,202	6,280			6,590	6,972	7,377
										-	-	-
Payments												
			(199,692)	(192,041)	(252,733)	(277,236)	(279,124)			(289,106)	(305,874)	(323,615)
			(4,661)	(2,652)	(3,042)	(2,343)	(2,343)			(2,512)	(2,658)	(2,812)
	1					(1,762)	(2,722)			(2,131)	(2,254)	(2,385)
NET CASH FROM/(USED) OPERATING ACTIVITIES			65,460	116,861	92,770	97,512	101,467	-	-	114,975	161,032	159,777
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
			(1,201)	439	176					-	-	-
										-	-	-
			(181)		(456)					-	-	-
					(390)					-	-	-
Payments												
				(121,115)	(97,975)	(90,908)	(98,908)			(125,567)	(147,022)	(143,358)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(1,382)	(120,676)	(98,645)	(90,908)	(98,908)	-	-	(125,567)	(147,022)	(143,358)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
										-	-	-
				(1,472)						-	-	-
										-	-	-
Payments												
				(2,063)	(2,191)	(2,416)	(2,416)			(2,416)	(2,558)	(2,704)
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(3,535)	(2,191)	(2,416)	(2,416)	-	-	(2,416)	(2,556)	(2,704)
NET INCREASE/ (DECREASE) IN CASH HELD						4,188	143	-	-	(13,007)	11,454	13,715
	2		16,864	19,894	12,544	1,305	5,018			13,547	540	11,994
	2		80,943	12,544	4,478	5,493	5,161	-	-	540	11,994	25,709

**References**

1. Local/District municipalities to include transfers from/to District/Local Municipalities

Cash equivalents includes investments with maturities of 3 months or less



C452 Ga-Segonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	80,943	12,544	4,478	5,493	5,161	-	-	540	11,994	25,709
Other current investments > 90 days		(61,048)	-	(3,847)	(0)	(583)	-	-	(0)	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>19,894</b>	<b>12,544</b>	<b>631</b>	<b>5,493</b>	<b>4,478</b>	<b>-</b>	<b>-</b>	<b>540</b>	<b>11,994</b>	<b>25,709</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		22,694	6,070	7,944	5,461	5,461	-	-	4,928	2,543	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(559)	5,763	(1,722)	(12,175)	(13,049)	-	-	(246,946)	(266,944)	(291,138)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>22,135</b>	<b>11,833</b>	<b>6,222</b>	<b>(6,714)</b>	<b>(7,588)</b>	<b>-</b>	<b>-</b>	<b>(242,018)</b>	<b>(264,401)</b>	<b>(291,138)</b>
<b>Surplus(shortfall)</b>		<b>(2,241)</b>	<b>711</b>	<b>(5,591)</b>	<b>12,207</b>	<b>12,066</b>	<b>-</b>	<b>-</b>	<b>242,558</b>	<b>276,395</b>	<b>316,847</b>

References

Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors &gt; 90 days as uncollectable)

For example: sinking fund requirements for borrowing

Council approval required for each reserve created and basis of cash backing of reserves

NC452 Ga-Segonyana - Table A9 Asset Management

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE											
Total New Assets		1	57,927	121,115	97,975	140,031	137,926	-	125,567	147,022	143,358
Infrastructure - Road transport			-	22,323	19,302	31,546	25,941	-	26,860	33,976	38,000
Infrastructure - Electricity			7,738	6,188	-	3,000	3,000	-	-	-	-
Infrastructure - Water			44,025	74,307	58,275	90,093	94,573	-	68,900	76,801	85,000
Infrastructure - Sanitation			-	4,662	8,064	9,407	11,032	-	17,520	26,419	12,358
Infrastructure - Other			-	3,231	-	-	-	-	-	-	-
Infrastructure			51,760	110,708	85,641	134,046	134,546	-	113,280	136,995	135,358
Community			-	-	6,294	-	-	-	6,541	7,027	5,000
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	839	163	-	-	-	-	-	-
Other assets		6	6,128	9,568	5,877	5,985	3,125	-	5,666	3,000	3,000
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			39	-	-	-	255	-	80	-	-
Total Renewal of Existing Assets		2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	-	-	-
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	-	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			-	22,323	19,302	31,546	25,941	-	26,860	33,976	38,000
Infrastructure - Electricity			7,738	6,188	-	3,000	3,000	-	-	-	-
Infrastructure - Water			44,025	74,307	58,275	90,093	94,573	-	68,900	76,801	85,000
Infrastructure - Sanitation			-	4,662	8,064	9,407	11,032	-	17,520	26,419	12,358
Infrastructure - Other			-	3,231	-	-	-	-	-	-	-
Infrastructure			51,760	110,708	85,641	134,046	134,546	-	113,280	136,995	135,358
Community			-	-	6,294	-	-	-	6,541	7,027	5,000
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	839	163	-	-	-	-	-	-
Other assets		6	6,128	9,568	5,877	5,985	3,125	-	5,666	3,000	3,000
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			39	-	-	-	255	-	80	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	57,927	121,115	97,975	140,031	137,926	-	125,567	147,022	143,358
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport			164,172	262,188	345,616	308,792	308,792	-	335,653	369,628	407,628
Infrastructure - Electricity			263,801	93,867	104,889	96,867	96,867	-	96,867	96,867	96,867
Infrastructure - Water			399,531	365,985	442,424	506,593	506,593	-	412,020	488,620	573,620
Infrastructure - Sanitation			75,964	135,678	8,815	156,833	156,833	-	174,353	200,772	213,130
Infrastructure - Other			-	60,609	7,088	10,041	10,041	-	10,041	8,820	8,820
Infrastructure			903,467	918,327	908,811	1,079,127	1,079,127	-	1,028,934	1,164,706	1,300,065
Community			-	-	4,437	1,169	1,169	-	7,709	14,736	19,736
Heritage assets			-	1,686	-	1,686	1,686	-	1,686	1,686	1,686
Investment properties			661	1,500	1,663	661	1,663	-	1,660	1,660	1,660
Other assets			58,535	19,892	112,234	89,802	89,802	-	95,468	98,468	100,176
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			865	658	481	858	858	-	931	1,011	1,011
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	963,528	941,863	1,027,627	1,173,303	1,174,305	-	1,136,389	1,282,270	1,424,336
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment			38,292	43,157	51,578	37,639	37,639	-	21,046	22,267	23,558
Repairs and Maintenance by Asset Class		3	21,119	44,707	41,153	39,317	38,534	-	21,846	23,114	24,454
Infrastructure - Road transport			2,852	9,270	7,562	3,230	3,230	-	3,574	3,761	4,000
Infrastructure - Electricity			3,800	3,961	4,521	1,817	1,817	-	2,370	2,507	2,653
Infrastructure - Water			2,850	7,756	5,521	500	500	-	530	561	593
Infrastructure - Sanitation			1,650	1,413	2,570	200	200	-	212	224	237
Infrastructure - Other			291	305	1,456	17,500	17,500	-	3,700	3,915	4,142
Infrastructure			11,452	22,705	21,637	23,247	23,247	-	10,386	10,688	11,625
Community			643	300	302	3,791	3,008	-	419	443	469
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	9,025	21,703	19,220	12,279	12,279	-	11,042	11,682	12,360
TOTAL EXPENDITURE OTHER ITEMS			59,411	87,864	92,732	76,956	76,173	-	42,893	45,380	48,013
Renewal of Existing Assets as % of total capex			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn*			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE			2.4%	4.8%	4.0%	3.4%	3.3%	0.0%	1.9%	1.8%	1.7%
Renewal and R&M as a % of PPE			2.0%	5.0%	4.0%	3.0%	3.0%	0.0%	2.0%	2.0%	2.0%

## References

- Detail of new assets provided in Table SA34a
- Detail of renewal of existing assets provided in Table SA34b
- Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
- Must reconcile to total capital expenditure on Budgeted Capital Expenditure
- Must reconcile to 'Budgeted Financial Position' (written down value)
- Donated/contributed and assets funded by finance leases to be allocated to the respective category

IC452 Ga-Segonyana - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	<b>1</b>									
<b>Water:</b>										
Piped water inside dwelling		4,793	5,251	7,248	7,654	7,654	-	9,185	11,022	13,226
Piped water inside yard (but not in dwelling)		3,135	5,244	1,812	1,914	1,914	-	-	-	-
Using public tap (at least min.service level)	2	-	14,489	17,383	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<b>Minimum Service Level and Above sub-total</b>		7,919	24,984	28,423	9,568	9,568	-	9,185	11,022	13,226
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	42,063	-	24,081	25,430	25,430	-	30,516	36,819	43,943
No water supply		4,108	254	2,352	2,484	2,484	-	2,980	3,576	4,292
<b>Below Minimum Service Level sub-total</b>		46,160	254	26,433	27,914	27,914	-	33,496	40,196	48,235
<b>Total number of households</b>	<b>5</b>	<b>54,079</b>	<b>25,218</b>	<b>52,856</b>	<b>37,481</b>	<b>37,481</b>	<b>-</b>	<b>42,681</b>	<b>51,217</b>	<b>61,461</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		7,808	6,271	7,248	7,654	7,654	-	9,185	11,022	13,226
Flush toilet (with septic tank)		26,805	658	15,349	16,209	16,209	-	18,450	23,341	28,029
Chemical toilet		-	265	-	-	-	-	-	-	-
Pit toilet (ventilated)		4,388	2,823	2,512	2,653	2,653	-	3,184	3,820	4,584
Other toilet provisions (> min.service level)		-	11,206	13,446	-	-	-	-	-	-
<b>Minimum Service Level and Above sub-total</b>		39,002	21,323	38,556	26,516	26,516	-	31,819	38,183	45,819
Bucket toilet		-	402	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		15,813	522	9,054	9,581	9,581	-	11,474	13,768	16,527
No toilet provisions		3,172	2,500	1,816	1,917	1,917	-	2,301	2,761	3,313
<b>Below Minimum Service Level sub-total</b>		18,985	3,424	10,870	11,479	11,479	-	13,775	16,530	19,835
<b>Total number of households</b>	<b>5</b>	<b>57,987</b>	<b>24,747</b>	<b>49,426</b>	<b>37,994</b>	<b>37,994</b>	<b>-</b>	<b>45,593</b>	<b>54,712</b>	<b>65,654</b>
<b>Energy:</b>										
Electricity (at least min.service level)		22,238	-	10,707,749	11,307,383	11,307,383	-	13,568,860	16,282,631	19,539,158
Electricity - prepaid (min.service level)		3,702	-	6,641	7,013	7,013	-	8,415	10,099	12,118
<b>Minimum Service Level and Above sub-total</b>		25,940	-	10,714,390	11,314,396	11,314,396	-	13,577,275	16,292,730	19,551,276
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min.service level)		-	-	-	-	-	-	-	-	-
Other energy sources		54,421	-	31,165	32,910	32,910	-	39,492	47,390	56,869
<b>Below Minimum Service Level sub-total</b>		54,421	-	31,165	32,910	32,910	-	39,492	47,390	56,869
<b>Total number of households</b>	<b>5</b>	<b>80,361</b>	<b>-</b>	<b>10,745,555</b>	<b>11,347,306</b>	<b>11,347,306</b>	<b>-</b>	<b>13,616,767</b>	<b>16,340,120</b>	<b>19,608,145</b>
<b>Refuse:</b>										
Removed at least once a week		10,092	4,785	57,793	61,029	61,029	-	73,235	87,882	105,459
<b>Minimum Service Level and Above sub-total</b>		10,092	4,785	57,793	61,029	61,029	-	73,235	87,882	105,459
Removed less frequently than once a week		134	110	76	80	80	-	96	118	139
Using communal refuse dump		-	1,064	-	-	-	-	-	-	-
Using own refuse dump		40,430	11,999	23,157	24,454	24,454	-	29,344	35,213	42,256
Other rubbish disposal		-	1,830	-	-	-	-	-	-	-
No rubbish disposal		17,667	1,364	10,116	10,682	10,682	-	12,819	15,302	18,459
<b>Below Minimum Service Level sub-total</b>		58,238	16,367	33,349	35,216	35,216	-	42,269	50,711	60,854
<b>Total number of households</b>	<b>5</b>	<b>68,330</b>	<b>21,152</b>	<b>91,142</b>	<b>96,245</b>	<b>96,245</b>	<b>-</b>	<b>115,495</b>	<b>138,593</b>	<b>166,312</b>
<b>Households receiving Free Basic Service</b>	<b>7</b>									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	<b>8</b>									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	51	67
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	1,800	1,904
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	1,864	1,972
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		15,000	15,000	15,000	15,000	15,000	-	15,000	15,000	15,000
Water (kilolitres per household per month)		6	6	6	6	6	-	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	-	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	<b>9</b>									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		1,063	2,258	5,952	1,975	2,125	-	-	2,094	2,215
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	1,180	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other	6	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		<b>1,063</b>	<b>3,438</b>	<b>5,952</b>	<b>1,975</b>	<b>2,125</b>	<b>-</b>	<b>-</b>	<b>2,094</b>	<b>2,215</b>

## References

Include services provided by another entity, e.g. Eskom

Stand distance &lt;= 200m from dwelling

Stand distance &gt; 200m from dwelling

4. Borehole, spring, rain-water tank etc.

5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)

Include value of subsidy provided by municipality above provincial subsidy level

Show number of households receiving at least these levels of services completely free (informal settlements must be included)

Must reflect the cost to the municipality of providing the Free Basic Service

## **PART 2 SUPPORTING DOCUMENTATION**

### **2.1 DRAFT BUDGET PROCESS OVERVIEW**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.

In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

*(1) The mayor of a municipality must establish a budget steering committee (BSC) to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.*

*(2) The Steering committee must consist of at least the following persons:*

- a) the councillor responsible for financial matters;*
- b) the municipal manager;*
- c) the chief financial officer;*
- d) the senior managers responsible for at least the three largest votes in the municipality;*
- e) the manager responsible for budgeting;*
- f) the manager responsible for planning; and*
- g) any technical experts on infrastructure*

The key deadlines schedule for the compilation of the IDP and MTREF was submitted to Council for approval on the 28 August 2015 as required by Section 21(b) of the MFMA

Departments duly complied and submitted their Operating Budget and Capital Budget requests to the Finance Department for consolidation during February 2016. Consolidation of the departmental input received and analysis of the requests took place during March 2016.

Key dates as approved by Council in August 2015 were as follows:

<b>Ward</b>	<b>Date</b>	<b>Area</b>	<b>Venue</b>	<b>Time</b>
Ward 6 Ward 1	Monday, 12 October 2015 Monday, 12 October 2015	Seeding Kuruman	Community Hall Banquet Hall	10:00 17:30
Ward 8 Ward 5	Tuesday, 13 October 2015 Tuesday, 13 October 2015	Gasehubane Magojaneng	Kgotla Community Hall	10:00 16:00
Ward 4 Ward 9	Thursday, 15 October 2015 Thursday, 15 October 2015	Mapoteng Maruping	Community Hall Community Hall	10h00 16h00
Ward 12 Ward 2	Monday, 19 October 2015 Monday, 19 October 2015	Thamoyanch e Bankhara- Bodulong	Thamoyanche Community Hall	10:00 16h00
Ward 10 Ward 3	Tuesday, 20 October 2015 Tuesday, 20 October 2015	Gasebolao Mothibistad	Kgotla Staalvenster	10:00 16h00
Ward 11 Ward 13	Wednesday, 21 October 2015 Wednesday, 21 October 2015	Kagung Wrenchville	Community Hall Civic Centre	10h00 17h30
Ward 7	Thursday, 22 October 2015	Sloja	Kgotla	10h00

## 2.2 OVERVIEW OF ALIGNMENT OF BUDGET WITH IDP

The IDP is Gasegonyana LM's principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into planning statements covering the five-year objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

In compiling the IDP, the Municipality considered the 6 key performance areas for local government as determined by the National Cabinet, which are:

- I. KPA1: Basic Service Delivery and Infrastructure Investment;
- II. KPA2: Good Governance and Community Participation and;
- III. KPA3: Municipal Transformation and Institutional Development;
- IV. KPA4: Local Economic Development;
- V. KPA5: Financial Viability and Financial Management;

The alignment of the budget with the IDP has been achieved through the setting of targets by departments which were guided by the following principles:

- It had to be aligned to the national outcome related to their mandate.
- Focus on basic service delivery in terms of the eradication of backlogs, provision of basic services as well as the maintenance of existing infrastructure and community needs.
- All targets set in the IDP were cross referenced to the budget as part of the result-based budget process. Each outcome with its supporting activities set for the coming year has been linked to specific votes in the budget to be utilised to achieve it. The Capital Budget is fully linked, but the operational budget still requires some work to reflect details in this regard.

A municipal IDP provides a five-year strategic programme of action aimed at setting short-, medium- and long-term strategic and budget priorities to create a development platform which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

**The figure as depicted in table below visually represents the link between the IDP and the Budget:**

Strategic Objective	Goal	Revenue			Expenditure			Capital Expenditure		
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all residents of Ga-Segonyana	32,764	34,664	36,675	17,028	18,015	19,060	–	–	–
	To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded	207	219	231	1,639	1,734	1,835	–	–	–
	To ensure the provision of at least one community facility, or closed sport and recreational facility per ward	2,945	3,115	3,296	16,869	17,848	18,883	–	–	–

To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana	6,587	6,969	7,374	19,263	20,380	21,562	-	-	-
To ensure that all (100% of) all rural residential areas, with the exception of in-fills, have at least RDP level of water by the next local government elections	96,251	121,408	124,642	38,395	40,622	42,978	68,900	76,601	85,000
To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and provincial standards	38,921	49,061	36,313	5,770	6,105	6,459	17,520	26,419	12,358
To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area	27,091	40,132	38,259	20,780	21,985	23,260	26,860	33,976	38,000



	To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections	127,722	135,130	142,968	95,372	100,904	106,756	-	-	-
KPA 2: Good Governance and Public Participation	To ensure good governance in the Municipality	15,503	16,402	17,354	21,117	22,341	23,637	1,611	-	-
KPA 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery	580	614	649	8,744	9,251	9,787	-	-	-
	To ensure implementation of the Workplace Skills Plan	1,355	1,434	1,517	18,415	19,483	20,613	184	-	-
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty	26,931	28,955	43,641	15,232	16,116	17,050	10,302	10,027	8,000
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Gasegonyana Municipality	47,741	50,510	53,440	36,709	38,838	41,091	190	-	-
		424,599	488,614	506,358	315,332	333,622	352,972	125,567	147,022	143,358

## **2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance, the municipality has developed performance management system for Section 56 & 57 Managers.

### **2.3.1. Performance indicators and benchmarks**

#### **i. Borrowing management**

Capital expenditure in local government can be funded by capital grants, own revenue and long term borrowings. The municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position.

Increasing debt and declining collection rate could have a negative impact on the future borrowing of the municipality, in particular the municipality's ability to meet its borrowing obligations. Stringent measure must be put in place to curve the increasing debt.

#### **ii. Liquidity**

Current Ratio is a measure of the municipality's ability to pay short-term obligations with its short-term assets. The higher the ratio, the better the municipality's ability to adhere to its short-term obligations. The calculation is the current assets divided by the current liabilities at no point in time should this ratio be less than 1. For the 2016/17 MTREF the ratio is expected to be 0.012

#### **iii. Revenue management**

As part of the financial sustainability strategy, an aggressive revenue management and enhancement project has been embarked upon to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days.

The collection rate of the municipality is standing at 76.8% as at 29 February 2016, there is an increase in collection rate as compared to 2014/15 financial year. The cash flow is assumed at 90% of the billing including arrears.

#### **iv. Creditors management**

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice.

#### **v. Other Indicators**

- **Employee costs**

The employee related costs represents 34.83% of the total expenditure budget.

- **Repairs & Maintenance**

Repairs and Maintenance equate 6.93% of the total operating budget which is acceptable. The municipality strives to maintain its infrastructure assets to prolong useful life.

Currently the municipality has lots of old fleet which most of the time must be sent in for repairs and as a result this hampers service delivery. The cost to repair these vehicles is an exorbitant amount and it is not cost-effective to keep them and also it is very difficult to acquire their parts. With the current situation the municipality is unable to render service at all its 13 wards as a result this cause community unrest. The municipality has made provision to buy the new fleet on the capital budget.

#### **2.3.2. Free Basic Services: basic social services package for indigent households**

For indigenous households, the threshold to qualify for equitable share is an income of less than R3 900 and two state pensioners in a household do qualify. In terms of the municipality's indigent policy registered households are entitled to 6kl free water and 50kwh of electricity; 100% of exemption on their property rates; 50% rebate for basic sewerage service and refuse removal. Currently Municipality has 3 105 indigents household in indigent register.

## 2.4 Budget related policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The budget related policies such as Indigent (**Appendix A**), Debt control and Credit Collection (**Appendix C**) policies have been reviewed and amended accordingly. The threshold for the indigent is now R3 900.

- **Property Rates policy (Appendix D)**

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1.

- **Budget and Virement Policy (Appendix E)**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the town's system of delegations.

- **Bulk Contribution Policy (Appendix F)**

This policy provides a framework for the determination of bulk service contributions on an equitable basis thereby allowing tariffs to be set at a more affordable level and shortening the period of recovery of the capital cost of bulk infrastructure, thus reducing long-term debt, improving the municipality's balance sheet and its credit rating and further enabling the municipality to develop a capital reserve for new and replacement bulk infrastructure.

- **Asset Management Policy (Appendix G)**

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for.

- **Supply Chain Policy (Appendix H)**

This policy provides a framework for procuring goods or services, disposing goods no longer needed, selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies or selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

- **Travel and Subsistence Policy (Appendix I)**

The objective of this policy is to:

Ensure that all travel and subsistence costs incurred by the Municipality are done as efficiently and effectively as possible.

Ensure that councilors and officials are reimbursed fairly and consistently for the cost incurred while traveling to perform municipal duties.

- **Funding and Reserve Policy (Appendix J)**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non-existent.

The municipality, however, recognizes the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

- **Borrowing Policy (Appendix K)**

This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term Borrowing, to ensure sufficient management of Borrowing. The objectives of this policy are to ensure optimal performance with the lowest possible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.

- **Cash Management and Investment Policy (Appendix L)**

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability and appropriate lines of responsibility in the process.

## **2.5 Budget Assumptions**

In terms of the Local Government Systems Act, section 26 prescribes the core components of the Integrated Development Plan, and section 26 (h) requires the inclusion of a financial management plan which should include a budget projection for at least the next three years. The financial plan is expected to determine the financial affordability and sustainability levels of the municipality over the medium term.

Inflation increases the cost of living of households and thereby increases the vulnerability of low and middle income groups and negatively affects their ability to pay for municipal services. CPI is projected at 6.0 per cent for 2016/17, 5.8 per cent for 2017/18 and 5.8 per cent for 2018/19.

The new general valuation roll must be implemented according to the MPRA 2004. However, the first R25 000 on Residential property per household will be exempted and the indigent qualifies for exemption subject to application.

Price movements of bulk purchase – electricity tariff is increased by 9.4% as approved by NERSA.

Plans and budgets of different spheres of governments have been taken into consideration when the 2016/17 budget was compiled.

The overall collection rate is 76.8% and currently the municipality collects only in Kuruman town, Wrenchville and Mothibistad

## **2.6 OVERVIEW OF BUDGET FUNDING**

This gives an indication of the Municipality's overall budget as well as sources of funding.

### **OPERATING REVENUE**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, sale of stands, licenses and permits etc).

The following is a breakdown of the operating revenue over the medium-term

Description  R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>									
Property rates	2	16,889	19,813	26,115	34,887	34,737	36,980	39,125	41,394
Service charges - electricity revenue	2	65,240	64,473	70,872	85,241	85,391	82,966	87,778	92,869
Service charges - water revenue	2	13,652	15,782	16,008	18,500	17,500	18,021	19,066	20,172
Service charges - sanitation revenue	2	8,784	9,175	10,433	11,100	11,500	11,766	12,448	13,170
Service charges - refuse revenue	2	5,895	6,365	6,993	8,500	8,500	9,010	9,533	10,085
Rental of facilities and equipment		1,265	1,243	1,407	1,569	1,900	1,079	1,141	1,207
Interest earned - external investments		1,714	1,401	1,693	1,500	1,500	1,590	1,682	1,780
Interest earned - outstanding debtors		637	1,285	4,080	4,280	4,780	5,000	5,290	5,587
Fines		4,814	8,339	13,999	1,805	1,811	1,204	1,273	1,347
Licences and permits		3,419	3,815	3,914	3,182	3,247	3,049	3,226	3,413
Agency services					1,872	1,872	1,984	2,099	2,221
Transfers recognised - operational		101,030	89,604	100,561	132,697	132,552	122,951	135,994	145,478
Other revenue	2	4,703	38,026	27,693	17,946	18,777	21,679	22,936	24,266
Gains on disposal of PPE		1,048	196					-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>229,091</b>	<b>259,516</b>	<b>283,769</b>	<b>323,080</b>	<b>324,067</b>	<b>317,278</b>	<b>341,592</b>	<b>363,000</b>

## CAPITAL REVENUE

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Vote Description R thousand	Adjusted Budget	2016/17 Medium Term Revenue & Expenditure Framework		
		Budget Year 2016/17	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funded by:</b>				
National Government	98 546	107 321	147 022	143 358
Provincial Government				
District Municipality				
Other transfers and grants				
<b>Transfers recognised - capital</b>	<b>98 546</b>	<b>107 321</b>	<b>147 022</b>	<b>143 358</b>
<b>Public contributions &amp; donations</b>	38 000	15 000		
<b>Borrowing</b>		1600		
<b>Internally generated funds</b>	1 380	1 646		
<b>Total Capital Funding</b>	<b>137 926</b>	<b>125 567</b>	<b>147 022</b>	<b>143 358</b>



## 2.7 OVERVIEW OF THE FUNDING COMPLIANCE

National Treasury requires the municipality to assess its financial sustainability against different measures that look at various aspects of financial health of the municipality.

Support Table SA10 below sets to evaluate the budget as its compliance to Sections 18 and 19 of the MFMA. The following measures are discussed below.

**NC452 Ga-Segonyana Supporting Table SA10**

### Funding measurement

Description	MFM A section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	80,943	12,544	4,478	5,493	5,161	-	-	540	11,994	25,709
Cash + investments at the year end less applications - R'000	18(1)b	2	(2,241)	711	(5,591)	12,207	12,066	-	-	242,558	276,395	316,847
Cash year end/monthly employee/supplier payments	18(1)b	3	5.7	0.8	0.3	0.3	0.3	-	-	0.0	0.6	1.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	15,510	33,089	46,953	102,140	100,280	-	-	109,266	154,992	153,367
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(1.3%)	6.8%	15.3%	(6.4%)	(106.0%)	(6.0%)	(5.3%)	(0.2%)	(0.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	83.7%	89.3%	85.2%	75.4%	76.0%	0.0%	0.0%	89.2%	89.2%	89.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	9.7%	(1.2%)	18.2%	0.3%	0.3%	0.0%	0.0%	0.3%	0.3%	0.3%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	100.0%	100.0%	64.9%	71.7%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	(18.9%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	0								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	1	N.A.	(26.4%)	88.2%	(26.4%)	0.0%	(100.0%)	0.0%	847.6%	5.8%	5.8%
Long term receivables % change - incr(decr)	18(1)a	2	N.A.	(100.0%)	0.0%	(38.2%)	0.0%	(100.0%)	0.0%	3.9%	5.8%	5.8%
R&M % of Property Plant & Equipment	20(1)(vi)	3	2.4%	4.6%	4.0%	3.4%	3.3%	0.0%	0.0%	1.9%	1.8%	1.7%
Asset renewal % of capital budget	20(1)(vi)	4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### **2.7.1 Cash/Cash equivalent position**

If the municipality's forecast cash position is negative, for any year of the Medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA, which deals with the repayment of short-term debt at the end of the financial year. The Municipality forecast a positive cash position as per the budgeted cash flow statement for 2016/17 MTREF. The forecasted cash and cash equivalent for the 2016/17 MTREF is R0 540 million.

### **2.7.2 Cash plus investment less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

### **2.7.3 Cash year end/monthly employee/supplier payments**

The purpose of this measure is to understand the level of financial risk the municipality would face with due to declining collection rate. The ratio for the 2016/17 is 0.03% which is not satisfactory and it implies that the municipality not receive on month services it will not be able to pay salaries and creditors.

### **2.7.4 Surplus/(Deficit) excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making sufficient contribution for the municipal resources consumed each year. For the 2016/17 MTREF the municipality shows a surplus of R109 266 excluding offsetting the depreciation and assets funded from operational budget.

### **2.7.5 Cash receipts a percentage of Ratepayer and Other revenue**

The purpose of this measure is to calculate the rate of funds collected from current billing and arrear debtors. The collection of the municipality for the 2016/17 is 90%. The municipality has developed an enhancement strategy to improve revenue collection.

### **2.7.6 Debt impairment expense as a percentage of total billable revenue**

The factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment. The municipality has made a provision of R0 537mill which represent 0.17%.

#### **2.7.7 Capital payments a percentage of capital expenditure**

This ratio calculates whether the municipality is spending on its capital budget according to its budgeted cash flow.

#### **2.7.8 Borrowing receipts a percentage of capital expenditure (excl. transfers)**

The purpose of this measurement is to determine the proportion of a municipality's "own funded" capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance.

#### **2.7.9 Grants as a percentage of Govt. legislated/gazetted allocations**

The purpose of this measurement is mainly to ensure that all available transfers from National and provincial government have been budgeted for. The ratio is 100% which means that the municipality has budgeted for all transfers.

#### **2.7.10 Repairs and Maintenance as a percentage of Property Plant & Equipment**

This indicator provides information on the amount of funds allocated to the Repair and Maintenance of municipal assets. Currently the ratio of repairs and maintenance is 6.9% which is acceptable.

## 2.8 EXPENDITURE ON GRANT ALLOCATIONS AND GRANT PROGRAMMES

The following grants allocated to the municipality in terms of the 2016 Division of Revenue Act have been included in the medium term budget:

NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	Current Year 2015/16			Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Adjusted Budget	Budget Year 2016/17		
<b>Operating Transfers and Grants</b>						
National Government:		130,609	130,609	120,973	133,873	145,478
Local Government Equitable Share		109,444	109,444	117,413	130,941	143,078
Finance Management		1,675	1,675	1,810	2,145	2,400
Municipal Systems Improvement		940	940	750	787	
Water Services Operating Subsidy		17,500	17,500			
EPWP Incentive		1,050	1,050	1,000		
Integrated National Electrification Programme						
Provincial Government:		2,088	1,943	1,978	2,121	-
Sport and Recreation		2,088	1,943	1,978	2,121	
District Municipality:		-	-	-	-	-
<i>[insert description]</i>						
<b>Total Operating Transfers and Grants</b>	5	132,697	132,552	122,951	135,994	145,478
<b>Capital Transfers and Grants</b>						
National Government:		98,546	98,546	107,321	147,022	143,358
Municipal Infrastructure Grant (MIG)		52,195	52,195	51,521	55,244	58,358
Regional Bulk Infrastructure		15,638	15,638			
Municipal Water Infrastructure Grant		27,713	27,713			
Integrated National Electrification Programme		3,000	3,000			
Water Services Infrastructure Grant				55,800	91,778	85,000
<b>Total Capital Transfers and Grants</b>	5	98,546	98,546	107,321	147,022	143,358
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		231,243	231,098	230,272	283,016	288,836

## 2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE 'S BENEFITS

NC452 Ga-Segonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Budget Year +1 2017/18	Budget Year +2 2018/19
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17		
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages		3,864	6,308	4,554	4,609	4,609	4,856	5,138	5,436
Pension and UIF Contributions		1,075		541	569	569	528	558	591
Medical Aid Contributions						-	231	244	259
Motor Vehicle Allowance		1,479		1,254	1,302	1,302	1,507	1,594	1,687
Cellphone Allowance			435	652	635	635	149	158	167
<b>Sub Total - Councillors</b>		<b>6,419</b>	<b>6,743</b>	<b>7,002</b>	<b>7,115</b>	<b>7,115</b>	<b>7,271</b>	<b>7,693</b>	<b>8,139</b>
% increase	4		5.1%	3.8%	1.6%	-	-	5.8%	5.8%
<b>Senior Managers of the Municipality</b>	2								
Basic Salaries and Wages		2,849	2,787	2,937	3,820	3,820	4,520	4,782	5,059
Pension and UIF Contributions		209	664	524	262	262	194	206	218
Medical Aid Contributions			205		197	197			
Motor Vehicle Allowance	3	332	127	590	743	743	671	710	751
Cellphone Allowance	3	27	123	90	69	69	64	89	94
Housing Allowances	3		58						
Other benefits and allowances	3	50							
<b>Sub Total - Senior Managers of Municipality</b>		<b>3,467</b>	<b>3,962</b>	<b>4,141</b>	<b>5,091</b>	<b>5,091</b>	<b>5,470</b>	<b>5,787</b>	<b>6,123</b>
% increase	4		14.3%	4.5%	23.0%	-	-	5.8%	5.8%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages		35,757	44,537	51,885	58,705	54,927	68,212	72,168	76,354
Pension and UIF Contributions		5,264	6,693	7,669	10,537	9,175	11,527	12,196	12,903
Medical Aid Contributions		4,334	3,095	3,711	4,182	4,219	4,969	5,257	5,562
Overtime		2,279	2,710	3,460	1,968	3,548	3,117	3,298	3,489
Performance Bonus						-		-	-
Motor Vehicle Allowance	3	2,139	1,897	1,770	1,958	1,998	2,378	2,516	2,662
Cellphone Allowance	3		123	182	215	227	245	259	274
Housing Allowances	3	1,690	1,896	2,495	2,985	2,745	3,177	3,361	3,556
Other benefits and	3	2,893	9,569	10,862	7,976	8,640	9,400	9,945	10,522

allowances									
Payments in lieu of leave			1,219	1,538	1,205	1,041	1,285	1,360	1,438
Long service awards			111	983	116	116	59	62	66
Post-retirement benefit obligations	6							-	-
Sub Total - Other Municipal Staff		54,357	71,851	84,556	89,848	86,638	104,369	110,422	116,827
% increase	4		32.2%	17.7%	6.3%	(3.6%)	-	5.8%	5.8%
Total Parent Municipality		64,243	82,557	95,698	102,055	98,844	117,110	123,902	131,088
			28.5%	15.9%	6.6%	(3.1%)	-	5.8%	5.8%
TOTAL SALARY, ALLOWANCES & BENEFITS		64,243	82,557	95,698	102,055	98,844	117,110	123,902	131,088
% increase	4		28.5%	15.9%	6.6%	(3.1%)	-	5.8%	5.8%
TOTAL MANAGERS AND STAFF	5.7	57,824	75,814	88,696	94,939	91,729	109,839	116,209	122,950

Staff costs for the 2016/17 financial year amounts to R109 839 million and is equivalent to 34.83% of the total operating expenditure.

The packages for senior managers is budgeted at R5 470 million which constitutes 1.73% of the total employee costs

## 2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Indicated in the tables below is the monthly revenue, expenditure and cash flow targets which are based on the previous years' actuals and other factors that influence these projections

**NC452 Ga-Segonyana - Supporting Table SA30**

**Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>													1		
Property rates	545	1,937	4,613	2,030	5,257	1,376	1,053	1,384	4,613	2,030	5,257	3,187	33,282	35,212	37,255
Service charges - electricity revenue	7,203	6,782	5,849	5,321	5,852	2,906	4,171	5,795	5,849	7,321	7,852	9,768	74,670	79,000	83,582
Service charges - water revenue	1,049	1,213	1,134	1,166	1,835	1,946	1,775	1,228	1,134	1,166	1,335	1,239	16,219	17,160	18,155
Service charges - sanitation revenue	837	639	1,010	943	917	816	945	849	810	943	917	962	10,589	11,204	11,853
Service charges - refuse revenue	684	695	634	650	499	736	617	747	734	750	599	763	8,109	8,579	9,077
Rental of facilities and equipment	101	82	99	87	87	111	70	63	99	87	87	104	1,079	1,141	1,207
Interest earned - external investments	233	221	117	96	227	0	147	26	117	96	227	84	1,590	1,682	1,780
Interest earned - outstanding debtors	370	381	437	424	404	413	418	432	437	424	404	457	5,000	5,290	5,597
Fines	577	86	20	67	99	7	73	85	20	67	99	3	1,204	1,273	1,347
Licences and permits	126	193	142	240	419	189	222	180	142	240	419	537	3,049	3,226	3,413
Agency services	84	155	115	157	258	83	195	154	115	157	258	253	1,984	2,099	2,221
Transfer receipts - operational	52,592	420	684	5,992	31,403	-	458	-	31,403	-	-	-	122,951	135,994	145,478
Other revenue	5,343	5,555	293	5,825	1,167	968	564	153	293	1,125	293	100	21,679	22,936	24,266
<b>Cash Receipts by Source</b>	<b>69,746</b>	<b>18,358</b>	<b>15,148</b>	<b>22,998</b>	<b>48,423</b>	<b>9,550</b>	<b>10,708</b>	<b>11,096</b>	<b>45,768</b>	<b>14,406</b>	<b>17,747</b>	<b>17,456</b>	<b>301,403</b>	<b>324,797</b>	<b>345,231</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	22,253	1,379	4,295	34,648	1,500		5,097	13,495	24,655			-	107,321	147,022	143,358
<b>Total Cash Receipts by Source</b>	<b>91,999</b>	<b>19,736</b>	<b>19,443</b>	<b>57,646</b>	<b>49,923</b>	<b>9,550</b>	<b>15,805</b>	<b>24,591</b>	<b>70,422</b>	<b>14,406</b>	<b>17,747</b>	<b>17,456</b>	<b>408,724</b>	<b>471,819</b>	<b>488,589</b>





NC452 Ga-Segonyana - Supporting Table SA25 Budgeted monthly revenue and expenditure

revenue and expenditure		Budget Year 2016/17										Medium Term Revenue and Expenditure Framework					
Description	R thousand	Ref													Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
			July	August	Sept.	October	November	December	January	February	March	April	May	June			
Revenue By Source																	
Property rates	20,157		1,963	1,860	1,768	1,720	1,852	1,053	1,123	1,153	1,159	1,259	1,914	36,980	39,125	41,394	
Service charges - electricity revenue	8,421		6,631	4,302	5,694	4,302	4,652	5,427	6,714	8,145	8,493	9,709	10,476	82,966	87,778	92,869	
Service charges - water revenue	1,290		1,269	1,818	1,308	1,727	1,650	1,644	1,554	1,735	1,306	1,192	1,527	18,021	19,066	20,172	
Service charges - sanitation revenue	947		946	925	947	947	945	973	973	970	972	977	1,242	11,766	12,448	13,170	
Service charges - refuse revenue	615		615	808	622	818	615	778	673	894	775	877	919	9,010	9,533	10,085	
Rental of facilities and equipment	101		82	99	87	87	111	70	63	99	87	87	104	1,079	1,141	1,207	
Interest earned - external investments	233		221	117	96	227	0	147	26	117	96	227	84	1,590	1,682	1,780	
Interest earned - outstanding debtors	370		381	437	424	404	413	418	432	437	424	404	457	5,000	5,290	5,597	
Fines	577		86	20	67	99	7	73	85	20	67	99	3	1,204	1,273	1,347	
Licences and permits	126		193	142	240	419	189	222	180	142	240	419	537	3,049	3,226	3,413	
Agency services	84		155	115	157	258	83	195	154	115	157	258	253	1,984	2,099	2,221	

Transfers recognised - operational	42,866	245	694	961	32,815	2,135	258	154	38,521	1,420	1,203	1,697	122,951	135,994	145,478
Other revenue	3,492	7,452	2,293	1,123	2,242	68	267	266	1,116	534	278	2,547	21,679	22,936	24,266
Total Revenue (excluding capital transfers and contributions)	79,271	20,242	13,620	13,494	46,055	12,720	11,526	12,396	53,465	15,731	16,988	21,759	317,278	341,592	363,000
Expenditure By Type															
Employee related costs	8,714	8,525	10,041	9,769	9,372	10,706	9,512	8,003	8,789	8,372	8,706	8,911	109,839	116,209	122,950
Remuneration of councillors	584	584	584	589	607	607	607	800	589	607	607	505	7,271	7,693	8,139
Debt impairment												537	537	568	601
Depreciation & asset impairment	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	21,046	22,267	23,558
Finance charges	209	209	209	209	209	209	209	209	209	209	209	209	2,512	2,658	2,812
Bulk purchases	7,541	8,265	8,011	4,600	4,632	4,792	5,840	5,797	5,600	4,632	6,792	9,443	75,944	80,349	85,009
Contracted services	786	786	786	786	786	786	786	786	786	786	786	786	9,431	9,978	10,557
Transfers and grants	178	178	178	178	178	178	178	178	178	178	178	178	2,131	2,264	2,385
Other expenditure	2,435	6,376	5,396	5,300	5,974	16,295	5,866	4,192	5,300	5,974	16,295	7,217	86,621	91,645	96,961
Total Expenditure	22,201	27,077	26,958	23,204	23,512	35,327	24,751	21,719	23,204	22,512	35,327	29,540	315,332	333,622	352,972
Surplus/(Deficit)	57,070	(6,835)	(13,337)	(9,710)	22,553	(22,608)	(13,225)	(9,323)	30,261	(6,780)	(18,339)	(7,781)	1,945	7,970	10,029
Transfers recognised - capital	5,606	8,602	14,781	7,067	7,625	6,555	7,710	9,796	5,950	11,991	12,334	9,303	107,321	147,022	143,358
Surplus/(Deficit) after capital transfers &	62,676	1,768	1,444	(2,643)	30,178	(16,053)	(5,516)	473	36,211	5,210	(6,005)	1,523	109,266	154,992	153,387



## **2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from Budget and Treasury Office.

## **2.12 CAPITAL EXPENDITURE DETAILS**

The **Capital Budget of R125 567million for 2016/17 is 9.84% less** when compared to the 2015/16 Adjustment Budget. The Capital Budget is largely driven by projects emanating from the IDP projects identified by the community.

**TableSA34a provides a detailed breakdown of capital projects for 2016/17 MREF**

### 2.13 Legislation Compliance Status

The promulgation of the Municipal Finance Management Act 56 of 2003) has without doubt, enhanced efficiency and control measures to local government in terms of budgeting monitoring and accounting of public funds. The MFMA has created a profound effect on the local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2016/17 has surpassed most of these key requirements.

The MFMA has created clear standards of operating for local government that complies or conforms to the International Standards of reporting. The municipality's reporting to Provincial Treasury has been substantially complied with.

Compliance with MFMA implementation requirements has been substantially adhered to through the following activities:

- **In- year reporting**  
The Municipality's electronic reporting to National Treasury has been complied with and has also improved over time. The monthly and quarterly returns to NT have been submitted on time.
- **Municipal Budget and Reporting Regulations**  
Budgeting in Gasegonyana LM is done in accordance with the MFMA: Municipal Budget and Reporting Regulations promulgated in 2009. Other directives from the National Treasury, for example in the form of budget circulars, are also taken into cognizance.
- **Annual Report**  
Annual report is compiled in terms of the MFMA and NT requirements.
- **SDBIP**  
The detail SDBIP document is at a draft stage and will be finalized after approval of the 2016/17 budget, directly aligned and informed by the 2016/17 budget.
- **Alignment of Budget with development priorities**  
There is clear linkage between the budget and the IDP. The Municipality is implementing programme budgeting to ensure that the development programmes identified in the IDP are appropriately funded.
- **Internship programme**  
The Municipality has been participating since 2007 actively in the Municipal Financial Management Internship Programme. The programme started with two interns undergoing training in various divisions of the Financial Services Department.

Five interns were appointed in July 2012 for a period of 36 months ending June 2015. Three Interns were absorbed in February 2016. These interns are funded by National Treasury (NT) with a R100 000.00 per intern per annum

## 2.14 MFMA BUDGET CIRCULAR 78



## NATIONAL TREASURY

### MFMA Circular No. 78

### Municipal Finance Management Act No. 56 of 2003

# Municipal Budget Circular for the 2016/17 MTREF

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## Introduction

The budget circular is compiled annually to guide municipalities on how to prepare their budget inputs. This circular focuses on the preparation of the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF), reference should also be made to the previous circulars. This guidance includes national policy imperatives that should be accommodated and other relevant information. The circular provides a summary of South Africa's economic outlook, inflationary targets, financial management issues and specific reference on how to give effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR). The key focus of this circular is the 2016 Local Government Elections, the demarcation process and the changes to the local government grant allocations.

### 1. 2016 Local Government Elections and the budget process

Local government elections are likely to be scheduled between May and August 2016; the proposed date is yet to be determined. Elections are important events – when we reaffirm our commitment to democratic and accountable government by choosing representatives of the people who will guide the work of local government for the next five years.

The following four risks need to be explicitly managed:

1. In terms of section 13 of the Municipal Property Rates Act, 2004 (Act No 6 of 2004)(MPRA) and sections 24 and 42 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003)(MFMA), new tariffs for property rates, electricity, water and any other taxes and similar tariffs may only be implemented from the start of the municipal financial year (1 July). This means that the municipal council must approve the relevant tariffs before the commencement of 1 July; and, should this not happen, the municipality will not be able to increase its taxes and tariffs. Failure to obtain Council approval for the annual tariff increases would most likely cause an immediate financial crisis that may lead to the provincial executive intervening in the municipality in terms of section 139 of the Constitution;
2. In terms of section 16 of the MFMA, a municipal council must approve the annual budget for the municipality before the start of the financial year, and should a municipal council fail to do so, section 26 of the MFMA prescribes that the provincial executive **must** intervene. This provincial intervention may include dissolving the municipal council and appointing an administrator to run the municipality;
3. The outgoing council may be tempted to prepare an 'election friendly budget' – with unrealistically low tariff increases and an over-ambitious capital expenditure programme. The outcome of this approach will undoubtedly be unfunded municipal budgets that threaten their respective municipalities' financial sustainability and service delivery; and
4. Given that the timing of election campaigning coincides with the municipal public budget consultations; and there is a risk that these consultations may be neglected or used to serve the narrow interests of political parties.

In the build-up to the 2016 local government elections, municipalities are encouraged to act towards ensuring financial sustainability. Now, more than ever before, it is paramount for sound municipal decision-making so that long-term sustainability of municipal finances and service delivery is achieved beyond the election period.



Municipal finances are presently volatile and there is severe pressure to maintain healthy cash flows and maintain effective cost containment measures. It is therefore imperative that municipalities refrain from suspending credit control and debt collection efforts in a bid to win votes.

Furthermore, as the current composition and leadership of municipal councils will, for the most part, be responsible for the compilation of the 2016/17 medium-term revenue and expenditure (MTREF) budgets, councils are advised to prioritise expenditure appropriations aligned to the policy intent as described in the integrated development plans (IDPs). Infrastructure provisioning for water, sanitation, roads and electricity remain key priorities.

In addition the outgoing council is advised to critically consider the financial implications before entering into new long-term contracts that are not of priority to the municipality and avoid if possible, committing the incoming council. In addition, refrain from purchasing cars and from incurring expenditure at this stage that will financially burden the incoming council.

During this time of transition, all stakeholders should work together to ensure that municipalities continue to perform their functions efficiently and effectively. The Mayor and municipal manager should now be engaging in the process of the annual review of the fifth and last year of the IDP in terms of section 34 of the Municipal Systems Act (MSA) and the 2016/17 budget preparation process in terms of section 21 of the MFMA. It is particularly important to ensure that arrangements for the review of IDPs and preparation of budgets continue seamlessly as these processes cannot be delayed in anticipation of the announcement of an election date.

The uncertainty of the date of Election Day means that the newly elected councils may not be duly constituted by 31 May 2016 and therefore they will be unable to consider the annual budget before the start of the new municipal financial year. If the election date falls within the latter part of May 2016 and if there is any delay in declaring the election results or if the results are legally contested then it is unlikely that the new councils will be able to consider and pass the annual budget before the start of the new municipal financial year. In fact, in the case of district municipalities, there is a high probability that they will not be constituted in time to consider the annual budgets since they depend on the finalisation of the local municipality election results relevant to their respective districts. The same will apply if the election is held in June, July or August. It is for this reason that it is recommended that the outgoing council should adopt the 2016/17 MTREF budget before the start of the new financial year.

In deciding on the schedule for the 2016/17 budget process, the Mayor and municipal manager must also note that the MFMA read together with the Municipal Budget and Reporting Regulations only allows for a 'main adjustments budget' to be tabled after the mid-year budget and performance assessment has been tabled in council, i.e. after 1 January 2017. In addition, the permitted scope of an adjustments budget is quite limited in that taxes and tariffs may not be increased or decreased (refer to section 28(6) of the MFMA), and any additional revenues may only be appropriated to programmes and projects already budgeted for (refer to section 28 of the MFMA). Therefore the idea of the current council passing a 'holding budget' which the new council will change substantially through an adjustments budget soon after the start of the municipal financial year is not legally permitted.

Though an IDP is a five year strategic document of council, municipalities should note that when a new council takes office after each local government election, the norm has been that the first year of such a new council is primarily confined to implementing the last adopted IDP. Subsequent to this, it is normally in the second year of the new council where the newly

elected council will adopt its new and thoroughly interrogated and consulted IDP. This process mostly leads to an overlap of the last year of outgoing council into the new council. It is each municipal council's prerogative to decide when to approve its annual budget. However, to assist municipalities, National Treasury proposes that councils consider adopting the following approach for their 2016/17 budget process:

<b>Outgoing council approves 2016/17 budget</b>	
1.	Current Mayor prepares a budget schedule that brings the review of the IDP and the tabling of the budget forward to late February or the beginning of March 2016;
2.	Community consultations on the annual budget conducted in the remainder of March and early April 2016;
3.	Officials complete technical work on annual budget by mid-April 2016;
4.	Current council approves annual budget and reviewed IDP before the end of April 2016; and
5.	Council implements annual budget from 1 July 2016.
<b>Benefits</b>	
<ul style="list-style-type: none"> <li>Minimises the risk of being without an approved budget at the start of the financial year;</li> <li>Ensures continuity of operations; and</li> <li>Safeguards the financial sustainability of the municipality by ensuring tariff increases are locked in before the start of the financial year.</li> </ul>	
<b>Risks</b>	
<ul style="list-style-type: none"> <li>New council may not concur with the priorities set out in the annual budget approved by the outgoing council, and therefore they may be reluctant to be held accountable for the implementation thereof.</li> </ul>	
<b>Mitigating factors</b>	
<ul style="list-style-type: none"> <li>New council should note the overlapping year of the last year of the IDP into the first year of new council; and</li> <li>Note that MFMA section 28(6) does not allow for tariff increases during the financial year of implementation of the adopted budget.</li> </ul>	

## 2. Financial Implications of the demarcation process

According to section 21 of the Municipal Demarcation Act, 1998 (Act No 27 of 1998), the Municipal Demarcation Board (MDB) must determine municipal boundaries and may re-determine any municipal boundaries. In June 2011, the MDB began an intensive three year consultative process of reviewing municipal boundaries. This process was concluded in 2013, and resulted in 17 local municipalities being affected by major boundary redeterminations. As a result of these changes the total number of municipalities is reduced by 8 municipalities.

Following the 2013 cycle of municipal boundary redeterminations, the Minister of Cooperative Governance and Traditional Affairs (CoGTA) submitted additional proposals requesting the MDB to consider the re-configuration of boundaries of certain municipalities. These proposals were submitted to the MBD in January, February and April 2015 in terms of section 22(2) of the Act, which gives the Minister of CoGTA the right to request the MDB to consider specific boundary changes. The process of considering these applications was finalised in 2015, resulting in 32 local municipalities being affected. As a result of these changes the total number of municipalities is reduced by a further 13 municipalities.

In total there will be a net reduction of 21 municipalities resulting in a total number of 257 municipalities in the country. A list of affected municipalities is attached as Annexure B.

Implications for municipalities that are merging (if the election is held before 1 July 2015):

- The demarcation changes are only effective from the date of the local government elections, therefore each existing municipality must compile an individual budget for the 2016/17 MTREF;
- The individual budgets will be consolidated for the newly demarcated municipality after the local government elections, regardless of the new allocations that will be published in the 2016 Division of Revenue Bill;
- In order to ensure seamless consolidation of budgets after the elections, the merging municipalities are urged to start working as a team on the planning and technical processes; and
- During the period between the date of the election and the start of the new municipal financial year on 1 July 2016 the current arrangements for the payment of staff and creditors are required to be maintained.

In addition, municipalities should be aware of the role of the Change Management Committee (CMC) of overseeing joint planning between the municipalities in preparation for the consolidated budget after the local government elections.

National Treasury will provide further information on the implications of the mergers if the elections are after the start of the 2016/17 municipal financial year. This will be done in the second budget circular to be issued in March 2016. In this scenario the currently existing municipalities would continue to exist for the beginning of the 2016/17 financial year before the mergers come into effect on the date of the election. Existing councils will have to adopt budgets and municipalities will be eligible to receive a pro-rata portion of their equitable share and some grant allocations for the period prior to the new municipal boundaries coming into effect.

## **2.1 Support provided to municipalities**

To support the newly amalgamated municipalities to undertake a smooth transition, the Municipal Demarcation Transition Grant (MDTG) was established with a time span of three years (2015/16 to 2017/18). The purpose of the grant is to subsidise the additional institutional and administrative costs arising from major boundary changes due to come into effect after the 2016 local government elections. The grant only subsidises additional administrative costs related to the mergers (such as merging and changing administrative systems and costs related to transferring staff). It does not provide for any infrastructure funding.

All affected municipalities are also being supported by provincial departments of cooperative governance. A Change Management Committee has been established for each re-demarcation, with representation from all of the affected municipalities and their respective district municipalities and the provinces. The Department of Cooperative Governance has also established a national Municipal Demarcation Transitional Committee with the aim of coordinating the various transitional measures that need to be put in place for the affected municipalities.

The 2016 DORA will set out the funding that will be provided to the affected municipalities, and these municipalities, CMCs and affected provinces must ensure that they adhere to the conditions attached to the MDTG. In particular, business plans must be timeously submitted to the Department of Cooperative Governance so as to ensure that transfers are done in accordance with the payment schedules.



## 2.2 Impact of demarcation changes on financial transfers to municipalities

### *Implications for Local Government Equitable Share (LGES) allocations*

The LGES is allocated through a formula that takes account of several factors including the number of poor households and households in a municipality, their incomes and the ability of the municipality to raise its own revenue. In calculating municipalities' equitable share allocations for 2016/17 all of these indicators will be updated in line with the new municipal boundaries. The resultant changes in the affected municipalities' equitable share allocations will be implemented by National Treasury and details of the new allocations will be published in the 2016 Division of Revenue Bill.

### *Implications for Municipal Infrastructure Grant (MIG) allocations*

The MIG is allocated through a formula in a similar manner to the LGES (the MIG formula is based on infrastructure backlogs). The MIG formula will also be updated with data reflecting the changed municipal boundaries. The resultant changes in the affected municipalities' MIG allocations will be implemented by National Treasury and details of the new allocations will be published in the 2016 Division of Revenue Bill.

### *Implications for other conditional grant allocations*

Allocations of other conditional grants are made to municipalities by the responsible national departments, often on a project basis. Allocations for conditional grants are only made for one year and the amounts published for the outer years in the schedules of the Division of Revenue Act are published for indicative purposes only and are not guaranteed. Departments will make their allocations for the 2016/17 financial year based on the new boundaries of municipalities. For municipalities that have been merged this means that previous indicative allocations are likely to be made to the new municipality that incorporates the municipal area where a project was planned and indicative amounts were published, however there is no guarantee of this.

Preparations for each major boundary re-determination are being overseen by a Change Management Committee (CMC). These CMCs are expected to play a coordinating role and exercise oversight over the preparation of a joint budget as well as any business plans required for conditional grants. The business plans can then be approved by the new council as soon as it has been constituted.

Transfers to municipalities will be gazetted in terms of the new municipal boundaries for the 2016/17 financial year.

## 2.3 Implications for assets and liabilities of municipalities

The changes to municipal boundaries are published by the MECs for local government in provincial gazettes in terms of section 12 of the Municipal Structures Act, 1998 (Act No 117 of 1998)(LGMSA). Section 14 of this Act regulates the effects that changes to municipal boundaries will have on existing municipalities. It also stipulates that the section 12 notice issued by the MEC for local government must provide for:

- The disestablishment of a municipality (or part of a municipality);
- The vacation of office by councilors of the existing municipality;
- The transfer of staff from the existing municipality to the superseding municipality (this must be done in accordance with labour legislation);
- The transfer of assets, liabilities and administrative and other records from the existing municipality to the superseding municipality (creditors of the existing municipality must be paid by the new municipality); and
- The extent to which existing by-laws will still apply.

The 2016/17 municipal budget preparation must make provision for any changes contained in these section 12 notices. The outgoing Council will as a result still be responsible for the preparation and conclusion of the Annual Financial Statements and the audit process.

### 3. The South African economy and inflation targets

The 2015 Medium Term Budget Policy Statement notes that the global economic outlook has been weaker than anticipated. Growth in developing economies has moderated in response to lower commodity prices, subdued domestic demand and reduced capital inflows. Growth in some developed economies has offset this slowdown. The South African economy is expected to grow by 1.5 per cent in 2015, 1.7 per cent in 2016 and 2.6 per cent in 2017. Domestic inflation is lower, largely as a result of declining oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, however, pose some risk to the inflation outlook. Furthermore the electricity supply shortages pose the largest domestic risk to growth.

Persistent high unemployment remains one of South Africa's most pressing challenges. Difficult trading conditions and low business confidence levels have limited hiring during 2015. The formal sector lost 76 000 jobs, with sharp declines in manufacturing and construction, as well as community, social and personal services.

These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures.

Municipalities must take the following macro-economic forecasts into consideration when preparing their 2016/17 budgets and MTREF.

**Table 1: Macroeconomic performance and projections, 2014 - 2018**

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Forecast		
CPI Inflation	5.6%	5.5%	6.0%	5.8%	5.8%

Source: Medium Term Budget Policy Statement 2015

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

### 4. Key focus areas for the 2016/17 budget process

#### 4.1 Local government conditional grants and additional allocations

The purpose of the conditional grants is to deliver on national government priorities relating to service delivery. Additional funding is allocated in the form of unconditional allocations such as the equitable share and the sharing of the general fuel levy. The main purpose of the equitable share is to fund the provision of free basic services to the poor.

The 2015 Medium Term Budget Policy Statement indicates that over the 2016 MTEF period, transfers to local government total R350.6 billion, with 59.5 per cent transferred as unconditional allocations and the rest as conditional grants. The division of available funds to local government have increased to R106.9 billion or 9.2 per cent of the national revenue for 2016/17. These funds are expected to increase to R128.4 billion by 2018/19.

Municipalities are advised to use the indicative numbers as set out in the 2015 Division of Revenue Act to compile their 2016/17 MTREF. In terms of the outer year (2018/19 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2015 Division of Revenue Act for 2017/18. The DoRA is available at <http://www.treasury.gov.za/legislation/acts/2015/Default.aspx>

It is imperative that municipalities reflect the conditional grant allocations as per the 2016 Division of Revenue Bill once available, and plan effectively to utilise these allocations appropriately so as to avoid requesting roll-overs.

#### ***Changes to local government allocations***

- The *local government equitable share* is being increased by R6 billion over the MTEF to provide some relief for the impact of increasing costs of bulk water and electricity and rapid growth in households.
- The *municipal demarcation transition grant* allocation is being increased to subsidise the additional administrative costs in respect of the re-demarcations. This includes increased allocations for demarcations approved in 2013 and allocations for demarcations approved in 2015.
- The *municipal systems improvement grant* will become an indirect grant so that it can support more strategic capacity building interventions at municipalities. The initiatives funded from this grant will be aligned to the Back-to-Basics strategy and the Department of Cooperative Governance and the National Treasury will jointly decide on the details of how this programme will work.
- The *municipal human settlements capacity grant* was introduced in 2014/15 to facilitate the development of capacity to manage human settlements programmes in anticipation of the assignment of the housing function to cities. However, there is no longer a need for this standalone grant as the assignment process was subsequently suspended indefinitely. The grant will be terminated in 2016/17. Cities will be allowed to use 3 per cent of the *urban settlements development grant* to improve their capacity with regard to the built-environment functions.
- The indirect *bucket eradication programme grant* was due to end in 2015/16 but will be extended to 2016/17 to complete the eradication of bucket sanitation systems in formal residential areas. Sanitation upgrading and bucket system eradication in informal areas will continue to be funded through the *urban settlements development grant*, *human settlements development grant* and *municipal infrastructure grant*.

#### ***Reforms to local government fiscal framework***

The second phase of the collaborative review of the local government infrastructure grant system led by the National Treasury has been concluded. Several changes will be introduced over the 2016 MTEF period to streamline these grants and improve the value and sustainability of associated investments. Proposed reforms to be introduced from 2016 include:

- Enabling the use of funds for the renewal, refurbishment and rehabilitation of existing infrastructure, alongside asset management systems to plan and prioritise maintenance;

- Reforming the public transport network grant to support financially sustainable transit networks in large cities by using a formula to allocate the grant, thereby giving cities a clear financial envelope within which to plan;
- Consolidating urban grants over the MTEF to tackle challenges in the built environment;
- Rationalising grants to reduce complexity and administrative burdens. Several water and sanitation grants are being merged;
  - The *municipal water infrastructure grant*, the *water services operating subsidy grant* and the *rural households infrastructure grant* will be merged into a single grant that will be targeted at reticulation and on-site-solutions in low capacity municipalities.
- Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.

National Treasury has initiated a process of reviewing development charges. A national draft policy framework on development charges has been developed and processes are underway to consult on the policy. The consultations will convene early next year. More detailed information on these consultation processes will be provided in due course. For more information in this regard, you can contact Ms Judy Mboweni at [Judy.Mboweni@treasury.gov.za](mailto:Judy.Mboweni@treasury.gov.za) or Ms Mmachuene Mpyana at [Mmachuene.Mpyana@treasury.gov.za](mailto:Mmachuene.Mpyana@treasury.gov.za).

#### 4.2 Reporting indicators

The National Treasury has engaged in a process of rationalising the reporting regime for the eight metropolitan municipalities with an aim to reduce the reporting burden whilst also creating a pool of indicators that will enable government to monitor progress on the outcomes and impact of municipal spending. This process has progressed significantly with regards to the outcomes and impact indicators whilst the rationalisation of the inputs, activities and output indicators is still undergoing rigorous consultations. The metropolitan outcomes and impact indicators are linked to the Built Environment Performance Plans (BEPPs) and therefore the Integrated City Development Grant (ICDG); whereas the inputs, outputs and activities indicators are linked directly to the Service Delivery Budget Implementation Plan (SDBIP) only as it relates to the built environment. When finalised, these indicators will assist the process of standardising the SDBIP.

The functional outcomes indicators are due to be finalised for the next budget cycle whilst the work on the input and output indicators is ongoing. Over time these reforms will also be extended to non-metropolitan municipalities.

#### 4.3 Municipal Standard Chart of Accounts (mSCOA)<sup>1</sup>

The mSCOA Regulations apply to all municipalities and municipal entities with effect from 1 July 2017 and only eleven months remain for preparation and implementation readiness as the 2017/18 MTREF budgets will all have to be aligned to mSCOA.

The implementation of mSCOA must be considered a business reform and it requires a significant change in municipal business processes; and it involves systems conversion and/

<sup>1</sup> The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.



or re-implementation. Further, *m*SCOA requires organisational change as it is not only a financial reform that is being introduced.

The 2016/17 tabled budget or consolidated budget must include an annexure containing the municipality's *m*SCOA project plan and progress to date.

National Treasury has a dedicated website to support municipalities with their *m*SCOA readiness efforts. The following information is available:

- The current *m*SCOA classification framework;
- The *m*SCOA Project Summary Document;
- All Municipal SCOA Circulars, providing hands-on support on how to undertake preparation and implementation;
- Integrated Consultative Forum (ICF) – documentation and presentations of the *m*SCOA piloting process; and
- The Frequently Asked Questions Database (FAQ Database) – where previously asked questions and responses can be accessed and new questions may be logged.

For more information on *m*SCOA and other benefits of the reform, visit: <http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

## 5. The revenue budget

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason municipalities ***must justify in their budget documentation all increases in excess of the 6.0 per cent*** projected inflation target in the budget narratives.

Municipalities are not maximising the revenue generation potential of their revenue base and this, together with the increasing unemployment and the decline in economic growth means that there is just not sufficient municipal own revenue to supplement the national funding sources to local government.

It is therefore necessary for municipalities to ensure that their tariffs are adequate to, at the minimum, cover the costs of bulk services and also to ensure that all properties are correctly billed for property rates and all services rendered.

### 5.1 Eskom bulk tariff increases

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 8 per cent has been approved for the 2016/17 financial year. However, Eskom has applied to NERSA to use tariff increases in 2016/17 to compensate for an under-recovery of R22.8 billion in 2013/14. Such an application is allowed in terms of the NERSA's methodology for calculating the MYPD. A similar Eskom application was approved by NERSA for 2015/16.

NERSA is now in the process of reviewing this application. Until a decision on Eskom's application is announced by NERSA, municipalities are advised to base their planning on the 8 per cent increase already approved by NERSA. However, municipalities should be aware that it is possible that a higher tariff increase could be approved and take this possibility into account in their planning for the 2016/17 MTREF. NERSA expects to make a decision on Eskom's application by February 2016.



Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving financial sustainability.

## **5.2 Water and sanitation tariff increases**

Municipalities should consider the full cost of rendering the water and sanitation services when determining tariffs related to these two services. If the tariffs are low and result in the municipality not recovering their full costs, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. Should this not be the case, municipalities will be required to clearly articulate the reasons and remedial actions to rectify this position in their budget document. It is expected that the tariffs will differ per municipality depending on the bulk water tariff increases charged by their respective water boards.

Municipalities are urged to design an Inclining Block Tariff (IBT) structure that is appropriate to its specific circumstances, and ensures an appropriate balance between 'low income customers' and other domestic, commercial and business customers, and the financial interests of the municipality. While considering this structure, municipalities are advised to evaluate if the IBT system will be beneficial to them depending on consumption patterns in their areas.

In light of the current drought being experienced across large parts of the country, and to mitigate the need for water tariff increases, municipalities must put in place appropriate strategies to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service, and not simply attributed to water losses.

## **6. Funding choices and management issues**

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are far below levels representing cost of providing the services would negatively impact on the financial sustainability of municipalities.

Furthermore municipalities must consider the following when compiling their 2016/17 MTREF budgets:

- improving the effectiveness of revenue management processes and procedures; and
- pay special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities.

### **6.1 Employee related costs**

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities are advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

## 6.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance.

## 6.3 Service level standards

In spite of a broad guideline on the minimum service standards having been issued with MFMA Circular No. 75, many municipalities did not incorporate the service level standards in their respective budget documentation nor submit these to National Treasury. All municipalities are again advised to formulate service level standards which must form part of their 2016/17 MTREF tabled budget documentation. The said service level standards must, together with the budgets, tabled before their respective municipal councils by no later than 31 March 2016.

It is noted that the same service level standards do not apply across all municipalities. Therefore, the hereon provided outline is intended to guide municipalities with the development of their respective service level standards. The outline can be amended to suit the requirements of individual municipalities. Municipalities are advised to also consider other guideline documents issued by other institutions available on the link indicated below.

A framework was developed as an outline to assist municipalities in finalising their service level standards. The outline can be accessed on the link below:

<http://mfma.treasury.gov.za/Circulars/Documents/Forms/AllItems.aspx?RootFolder=/Circulars/Documents/Circular 75 - 2015 MTREF&FolderCTID=&View={06AB24E7-1C64-4A80-A0FA-273E6A829094}>

## 6.4 Outcomes of the Financial Management Capability Maturity Model (FMCMM)

In prioritising the upcoming MTREF decisions, municipalities should review the detailed analysis of the results of the FMCMM assessments with the results of the 32 financial ratios that provide a holistic picture of the financial capability and sustainability of the municipality. These reports have been communicated to all municipalities and should be read in conjunction with the most recent budget reviews and feedback provided by National Treasury and Provincial Treasuries. Key aspects requiring attention should be discussed with the municipal council and management so that they can be prioritised for resource allocation and implementation.

Comments on these assessments and any other related legislative advice on the MFMA can be submitted to the MFMA helpdesk facility at: [MFMA@treasury.gov.za](mailto:MFMA@treasury.gov.za)

## 6.5 Hand-over reports for the newly elected council

Each municipal manager, working together with the Chief Financial Officer (CFO) and senior managers, is encouraged to prepare a hand-over report that can be tabled at the first meeting of the newly elected council. The aim of this hand-over report is to provide the new councils important orientation information regarding the municipality, the state of its finances, service delivery and capital programme, as well as key issues that need to be addressed.

It is proposed that the hand-over report should include:

- An overview of the demographic and socio-economic characteristics of the municipality;

- An overview of the organisational structure of the municipality, with the names and numbers of senior managers;
- An overview of key municipal policies that councillors need to be aware of, and where they can obtain the full text of such policies;
- An overview of issues that still need to be addressed in relation to the municipality's turnaround strategy;
- An overview of the municipality's financial health, with specific reference to:
  - Its cash and investments, and its funding of commitments (Table A8);
  - Cash coverage of normal operations (see Supporting Table SA10);
  - Creditors outstanding for more than 30 days, along with reasons for delayed settlement;
  - Current collection levels and debtors outstanding for more than 30 days; and
  - Extent of existing loans, and associated finance and redemption payments.
- The municipality's 2014/15 audit outcome, and its strategy to address audit issues;
- An overview of the provision of basic services, including plans to address backlogs;
- An overview of the state of the municipality's assets, with particular reference to the asset management plan, and repairs and maintenance requirements;
- A list of the main infrastructure projects planned for the 2016/17 budget and MTREF;
- A list of key processes requiring council input over the next six months, e.g. revision of the IDP, approval of specific policies etc. and
- Any other information deemed to be important.

In addition to the hand-over report, each new councillor should be given the municipalities' revised IDP, the adopted 2016/17 budget (if already passed), the mid-year budget and performance assessment report for 2015/16, and the latest monthly financial statement, and the annual report for 2014/15.

Municipal managers should submit their municipality's hand-over report to the relevant provincial department responsible for local government, provincial treasuries, the Department of Co-operative Governance (DCoG) and to National Treasury.

## 7. Conditional Grant Transfers to Municipalities

### 7.1 Pledging of conditional grants

Read together with paragraph 4.5 of MFMA Circular No. 51, all conditions for the considerations of the conditional grant pledge should be aligned with the provisions of section 46 of the MFMA regarding long-term borrowing.

While pledging of conditional grants assists in accelerating capital projects, municipalities are cautioned that pledging will only be approved for projects that have gone through a proper planning process as well as meeting the criteria for pledging as per MFMA Circular No. 51.

## 8. The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2016/17 Budget and MTREF.

Download Version 2.8 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

### 8.1 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official as follows:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole Matjatji Mashoeshoe	012-315 5044 012-315 6567	<a href="mailto:Templeton.Phogole@treasury.gov.za">Templeton.Phogole@treasury.gov.za</a> <a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
Free State	Vincent Malepa Cethekile Moshane Katlego Mabiletsa	012-315 5539 012-315 5079 012-395 6742	<a href="mailto:Vincent.Malepa@treasury.gov.za">Vincent.Malepa@treasury.gov.za</a> <a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a> <a href="mailto:Katlego.Mabiletsa@treasury.gov.za">Katlego.Mabiletsa@treasury.gov.za</a>
Gauteng	Kgomotso Baloyi Nomxolisi Mawulana	012-315 5866 012-315 5460	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a> <a href="mailto:Nomxolisi.Mawulana@treasury.gov.za">Nomxolisi.Mawulana@treasury.gov.za</a>
KwaZulu-Natal	Bernard Mokgabodi Johan Botha	012-315 5936 012-315 5171	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a> <a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
Limpopo	Una Rautenbach Sifiso Mabaso	012-315 5700 012-315 5952	<a href="mailto:Una.Rautenbach@treasury.gov.za">Una.Rautenbach@treasury.gov.za</a> <a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Mpumalanga	Jordan Maja Anthony Moseki	012-315 5663 012-315 5174	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a> <a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
Northern Cape	Willem Voigt Mandla Gilimani	012-315 5830 012-315 5807	<a href="mailto:Willem.Voigt@treasury.gov.za">Willem.Voigt@treasury.gov.za</a> <a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
North West	Sadesh Ramjathan Makgabo Mabotja	012-315 5101 012-315 5156	<a href="mailto:Sadesh.Ramjathan@treasury.gov.za">Sadesh.Ramjathan@treasury.gov.za</a> <a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
Western Cape	Vuyo Mbunge Kevin Bell	012-315 5661 012-315 5725	<a href="mailto:Vuyo.Mbunge@treasury.gov.za">Vuyo.Mbunge@treasury.gov.za</a> <a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	<a href="mailto:ldataqueries@treasury.gov.za">ldataqueries@treasury.gov.za</a>

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format as set out in item 31 of Schedule A in the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***those municipalities will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year reports for both the parent municipality and its entity or entities in that they to produce:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and not the budget of the parent municipality only.



## 9. Budget process and submissions for the 2016/17 MTREF

### 9.1 Submitting budget documentation and schedules for 2016/17 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2016, the final date of submission of the electronic budget documents and corresponding electronic returns is **Friday, 01 April 2016**. The deadline for submission of hard copies including council resolution is **Friday, 8 April 2016**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2016, the final date for such a submission is **Thursday, 14 July 2016**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 2.8) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA37) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- schedules D, E and F specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za).

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to [lgbigfiles@gmail.com](mailto:lgbigfiles@gmail.com). Any problems experienced in this regard can be addressed with Elsabe Rossouw at [Elsabe.Rossouw@treasury.gov.za](mailto:Elsabe.Rossouw@treasury.gov.za).

Municipalities are required to send printed submissions of their budget documents and council resolution to:

#### **For couriered documents**

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

#### **For posted documents**

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 31 March 2016 to [Yasmin.coovadia@treasury.gov.za](mailto:Yasmin.coovadia@treasury.gov.za). If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to [yasmin.coovadia@gmail.com](mailto:yasmin.coovadia@gmail.com) or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with

[Yasmin.Coovadia@treasury.gov.za](mailto:Yasmin.Coovadia@treasury.gov.za). Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3<sup>rd</sup> floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

## 9.2 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. All returns are to be sent to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za). Municipalities are requested to submit returns for both the draft budget and the final adopted budget. This will assist the National and provincial treasuries with the annual benchmark process.

The aligned electronic returns may be downloaded from National Treasury's website at the following link: [http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx).

## 9.3 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

## Contact



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**Post** Private Bag X115, Pretoria 0001  
**Phone** 012 315 5009  
**Fax** 012 395 6553  
**Website** <http://www.treasury.gov.za/default.aspx>

JH Hattingh  
Chief Director: Local Government Budget Analysis  
07 December 2015

## **Annexure A – Changes to Schedule A1 – the ‘Excel formats’**

As noted above, National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A10	Cost of free basic services	Improve reporting of cost of free basic services provided including in informal settlements.
2	SA1	Revenue foregone	Improve reporting on revenue foregone and cost of free basic services.
3	SA9	Provision of free basic services	To provide detailed breakdown of free basic services which links to A10.

## Annexure B – Municipalities affected by redeterminations

Redeterminations Finalised by the MDB in 2013 and 2015

Province	Affected Local Municipalities	Impact
<b>Redeterminations finalised in 2013</b>		
Gauteng	Randfontein and Westonaria	Reduction of 1 Municipality
KwaZulu - Natal	Vulamehlo and Umdoni	Reduction of 1 Municipality
	Hlabisa and The Big 5 False Bay	Reduction of 1 Municipality
	Umtshezi and Imbabazane	Reduction of 1 Municipality
	Ezingoleni and Hibiscus Coast	Reduction of 1 Municipality
	Emnambithi/Ladysmith and Indaka	Reduction of 1 Municipality
	Kwa Sani and Ingwe	Reduction of 1 Municipality
	Ntambanana, Mthonjaneni and uMhlathuze	Reduction of 1 Municipality . (Ntambanana disestablished with 6 wards. Ward s1-4 incorporated into Mthonjaneni; wards 5-6 incorporated into uMhlathuze)
<b>Redeterminations finalised in 2015</b>		
KwaZulu - Natal	Mooi Mpopana and Umvoti	No reduction in number of Municipalities. Portion of Mooi Mpopana (Cadham voting district) incorporated into Umvoti.
Mpumalanga	Mbombela and Umjindi	Reduction of 1 Municipality
Free State	Mangaung and Naledi	Reduction of 1 Municipality
North West	Ventersdorp and Tlokwe	Reduction of 1 Municipality
Northern Cape	Mier and //Kara Hais	Reduction of 1 Municipality
Limpopo	Mutale, Thulamela, Makhado and Musina	Reduction of 1 Municipality (Mutale disestablished. Parts of Mutale are incorporated into Thulamela and Musina. Parts of Makhado and Thulamela are incorporated to form a new municipality.)
	New Municipality	Parts of Makhado and Thulamela are incorporated to form a new municipality.
	Aganang, Blouberg, Molemole and Polokwane	Reduction of 1 Municipality . (Aganang disestablished; parts of Aganang incorporated into Blouberg, Molemole and Polokwane).
	Fetakgomo and Greater Tubatse	Reduction of 1 Municipality
	Modimolle and Mookgopong	Reduction of 1 Municipality
Eastern Cape	Gariep and Maletswai	Reduction of 1 Municipality
	Nxuba and Nonkobe	Reduction of 1 Municipality
	Inkwanca, Tsofwana and Lukanji	Reduction of 2 Municipalities (all 3 amalgamated into 1)
	Camdeboo, Baviaans and Ikwezi	Reduction of 2 Municipalities (all 3 amalgamated into 1)



## Annexure C – Previous MFMA Circulars

### Budget management issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55, 66, 67 and 70 with regards to the following issues:

1. Mayor's discretionary funds and similar discretionary budget allocation – National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourage them (refer to MFMA Circular 51).
2. Unallocated ward allocations – National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval (refer to MFMA Circular 51).
3. New office buildings – Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings (refer to MFMA Circular 51).
4. Virement policies of municipalities – Municipalities are reminded of the principles that must be incorporated into municipal virements policies (refer to MFMA Circular 51).
5. Providing clean water and managing waste water – Municipalities were reminded to include a section on 'Drinking water quality and waste water management' in their budget document (refer to MFMA Circular 54).
6. Renewal and repairs and maintenance of existing assets – Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the required benchmarks set out in MFMA Circular 55 and 66.
7. Credit cards and debit cards linked to municipal bank accounts are not permitted – On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular 55).
8. Water and sanitation tariffs must be cost reflective – refer to MFMA Circular 66.
9. Solid waste tariffs – refer to MFMA Circular 70.
10. Variances between 4<sup>th</sup> Quarter section 71 results and annual financial statements – refer to Circular 67.
11. Additional In-Year reporting requirements – refer to MFMA Circular 67.
12. Appropriation statement (reconciliation: budget and in-year performance) – reference is made to circular 67. It came to the attention of National Treasury that a number of municipalities did not include the appropriation statement as part of their 2012/13 or 2013/14 annual financial statement. In terms of the Standards of GRAP 24 on the Presentation of Budget Information in Financial Statements, municipalities are required to present their original and adjusted budgets against actual outcome in the annual financial statements. This is considered an appropriation statement and the comparison between the budget and actual performance should be a mirror image of each other as it relates to the classification and grouping of revenue and expenditure as has been the case in a national and provincial context. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement.
13. Eliminating non-priority spending – The 2013 MTBPS emphasised the need for government to step-up its efforts to combat waste, inefficiency and corruption (refer to MFMA circular 70).
14. Council oversight over the budget process – refer to MFMA Circular 70.

### Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 and 67 with regards to the following issues:

1. Accounting treatment of conditional grants: Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. VAT on conditional grants: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – **VAT 419 Guide for Municipalities**. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>
3. Interest received and reclaimed VAT in respect of conditional grants: Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
  - Interest received on conditional grant funds must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions; and
  - 'Reclaimed VAT' in respect of conditional grant expenditures must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions.
4. Appropriation of conditional grants that are rolled over – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).
5. Pledging of conditional grant transfers – the 2015 Division of Revenue Bill contained a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2017/18. The process of application as set out in MFMA Circular 51 remains unchanged.
6. Separate reporting for conditional grant roll-overs – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund.
7. Payment schedule – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the primary banking details verified by National Treasury will be used for effecting transfers.
8. Conditional grant transfers/payments, the responsibilities of transferring and receiving authorities and the criteria for the rollover of conditional grants – It is important that the transfers made to municipalities' are transparent, and properly captured in the municipalities' budgets. MFMA Circular no: 67 in this regard refers. The criterion for the rollover of conditional grants is stipulated in MFMA Circular no: 51.

### MBRR issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 with regards to the following issues:

1. Budgeting for revenue and 'revenue foregone' – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition

- of 'revenue foregone' and how it is distinguished from 'transfers and grants' is explained in MFMA Circular 51.
2. Preparing and amending budget related policies – Information on all budget related policies and any amendments to such policies must be included in the municipality's annual budget document (refer to MFMA Circular 54).
  3. 2013/14 MTREF Funding Compliance Assessment – All municipalities were required to perform the funding compliance assessment outlined in *MFMA Funding Compliance Guideline* and to include the relevant information outlined in MFMA Circular 55 in their 2015/16 budgets (refer to MFMA Circular 55).
  4. Tabling a funded budget - It is critical that municipalities adopt and implement funded budgets as per Section 18 of the MFMA. Tables A7 and A8 which if completed correctly by the municipality, it will provide most of the information required to evaluate whether a municipality's operating and capital budgets are **funded** or not.

## 2016/17 CAPITAL PROJECTS

### MIG THREE YEAR PLAN

PROJECTS	2016 / 17	2017 / 18	2018/ 19
Construction of Seven Miles community hall	R 6,540,634.00	R 327,031.70	
Maruping/Batharos: External and Water distribution: Phase Two	R 6,833,838.03		
Upgrading of Mandela Drive from Maruping to Mothibistad Road	R 4,606,297.51	R 566,136.71	
Upgrading of Vergenoeg-Maruping link road to bituminous	R 13,594,299.73	R 1,059,278.78	
Upgrading of the Vergenoeg-Batharos link road to bituminous standard	R 8,659,743.82	R 942,562.69	
Rural Roads Programme		R 31,407,548.00	R 38,000,000.00
Ditshoswaneng Pay Point			R 5,000,000.00
Rural Sanitation Programme	R 8,786,186.91	R 11,241,442.12	R 12,358,000.00
Sedibeng Community Hall		R 6,700,000.00	
Project Management Unit	R 2,500,000.00	R 3,000,000.00	R 3,000,000.00
<b>TOTAL</b>	<b>R 51,521,000.00</b>	<b>R 55,244,000.00</b>	<b>R 58,358,000.00</b>

## WATER SERVICES INFRASTRUCTURE GRANT

PROJECT DESCRIPTION	2016 / 17	2017 / 18	2018/ 19
Seeding/Magojaneng water extension Phase 4		8,000,000.00	
Upgrading of Magojaneng water supply		8,620,360.00	
Construction of Seven Miles Bulk water supply phase	12,400,936.01	13,656,633.00	
Mapoteng water network extensions	11,600,386.92	9,465,003.00	
Mokalamosesane Bulk water supply	8,360,000.00		
Kagang/West Derby Bulk water supply phase3		15,602,630.00	
Ditshoswaneng water extension network: phase 2	5,268,600.38		
Rural sanitation programme	8,733,876.47	15,177,452.00	
Maruping and Batharos internal water distribution phase 3		20,630,000.00	
Water Subsidy Operating Services	9,436,200.22	625,922.00	
	<b>55,800,000.00</b>	<b>91,778,000.00</b>	<b>85,000,000.00</b>

# DONATIONS FROM MINES

PROJECT DESCRIPTION	LOCATION	FUNDING SOURCE	COST ESTIMATES
Kuruman Regional Bulk Water	Bankhara	Assmang	R 15,000,000.00
<b>TOTAL</b>			<b>R 15,000,000.00</b>

# NEW ASSETS

DESCRIPTION	FUNDING SOURCE	ORIGINAL BUDGET
Office Equipment	Surplus Cash	R 311,800.00
Furniture and Fittings	Surplus Cash	R 4,000.00
Plant and Equipment	Surplus Cash	R 1,250,000.00
Buildings	Surplus Cash	
Intangible Assets	Surplus Cash	R 80,000.00
Vehicles	Loan	1,600,000.00
<b>TOTAL</b>		<b>R 3,245,800.00</b>

**TOTAL 2016/17 CAPITAL BUDGET**

**R 125,566,800.00**





NC452 Ga-Segonyana - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

R thousand	Description	Ref	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - BUDGET & TREASURY	Vote 3 - CORPORATE SERVICES	Vote 4 - PLANNING & DEVELOPMENT	Vote 5 - HEALTH	Vote 6 - COMMUNITY & SOCIAL SERVICES	Vote 7 - PUBLIC SAFETY	Vote 8 - WASTE WATER MANAGEMENT	Vote 9 - ROAD TRANSPORT	Vote 10 - WATER	Vote 11 - Electricity	Vote 12 - WASTE MANAGEMENT	Vote 13 - SPORTS & RECREATION	Vote 14 - OTHER	Vote 15 - HOUSING	Total
1																		
	<b>Revenue By Source</b>																	
	Property rates			36 990														36 990
	Property rates - penalties & collection charges																	-
	Service charges - electricity revenue					666						18 021	82 958	9 010				121 763
	Service charges - water revenue									11 756	31							957
	Service charges - sanitation revenue																	-
	Service charges - refuse revenue																	-
	Service charges - other																	-
	Rental of facilities and equipment							11							371			382
	Interest earned - external investments			1 590														1 590
	Interest earned - outstanding debtors			5 000														5 000
	Dividends received																	-
	Fines							4										1 204
	Licences and permits									1 200								2 976
	Agency services									1 984								3 049
	Other revenue			1 105								1 630	2 031	153				1 984
	Transfers recognised - operational		15 503	2 994	937	1 700	20	67	27	504		22 700	42 725	23 601	200			21 679
	Gains on disposal of PPE						50	2 660	400	9 131	200				350			122 951
	<b>Total Revenue (excluding capital transfers and contribution)</b>		15 503	47 741	1 405	17 840	70	2 740	5 587	21 401	231	42 351	127 722	32 764	921	-	-	317 278
	<b>Expenditure By Type</b>																	
	Employee related costs		6 234	18 302	14 014	7 278		9 389	15 159	3 755	7 124	3 296	4 843	11 299	8 146			109 839
	Remuneration of councillors		7 271															7 271
	Debt impairment									59		453		15				537
	Depreciation & asset impairment					142	0	22		50	7 015	8 000	5 017	636	104			20 986
	Finance charges					314			46	14	293	1 130	600	10	105			2 512
	Bulk purchases												75 944					75 944
	Other materials																	-
	Contracted services			445		286		5 000						3 700				9 431
	Transfers and grants			2					255			64	1 800					2 131
	Other expenditure		7 512	18 969	6 137	5 476	75	2 659	3 793	1 803	5 346	25 442	7 169	1 367	1 753			86 681
	Loss on disposal of PPE																	-
	<b>Total Expenditure</b>		21 117	36 709	20 151	13 496	75	17 070	19 263	5 770	20 780	38 395	95 372	17 028	10 107	-	-	315 332
	<b>Surplus/(Deficit)</b>		(5 613)	11 033	(18 746)	4 344	(5)	(14 329)	(12 675)	45 630	(20 549)	3 956	32 350	15 736	(9 186)	-	-	1 945
	Transfers recognised - capital					9 041				17 520	26 060	53 900						107 321
	Contributions recognised - capital																	-
	Contributed assets																	-
	<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(5 613)	11 033	(18 746)	13 385	(5)	(14 329)	(12 675)	33 150	6 312	57 856	32 350	15 736	(9 186)	-	-	109 266

References

1. Departmental columns to be based on municipal organisation structure

## NC452 Ga-Segonyana - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
thousand											
SETS											
Call investment deposits											
Call deposits < 90 days											
Other current investments > 90 days											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors		17,702	16,422	28,526	29,337	29,337		299,527	316,900	335,280	
Less: Provision for debt impairment					(505)	(505)		(537)	(568)	(601)	
Total Consumer debtors	2	17,702	16,422	28,526	28,832	28,832	-	298,990	316,332	334,679	
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision			1,440	23,704	505	505			-	-	
Bad debts written off											
Balance at end of year		-	1,440	23,704	505	505	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)	3	897,774	1,017,600	1,074,631	1,209,423	1,209,423		1,154,843	1,301,865	1,445,223	
Leases recognised as PPE						-			-	-	
Less: Accumulated depreciation			43,157	48,149	37,639	37,639		21,046	22,267	23,566	
Total Property, plant and equipment (PPE)	2	897,774	974,443	1,025,482	1,171,784	1,171,784	-	1,133,797	1,279,599	1,421,665	
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)									-	-	
Current portion of long-term liabilities		2,734	3,293	3,070	2,313	2,313		2,627	2,406	2,185	
Total Current liabilities - Borrowing		2,734	3,293	3,070	2,313	2,313	-	2,627	2,406	2,185	
Trade and other payables											
Trade and other creditors		26,764	27,101	36,927	12,784	12,784		33,260	29,514	22,516	
Unspent conditional transfers		22,694	6,070	7,944	5,461	5,461		4,928	2,543	-	
VAT									-	-	
Total Trade and other payables	2	49,448	33,171	44,871	18,245	18,245	-	38,188	32,057	22,515	
Non-current liabilities - Borrowing											
Borrowing	4	27,679	24,991	22,566	25,782	25,782		19,906	17,481	15,056	
Finance leases (including PPP asset element)									-	-	
Total Non-current liabilities - Borrowing		27,679	24,991	22,566	25,782	25,782	-	19,906	17,481	15,056	
Provisions - non-current											
Retirement benefits		29,029							-	-	
List other major provision items											
Refuse landfill site rehabilitation								2,526	2,673	2,828	
Other			32,967	34,971					-	-	
Total Provisions - non-current		29,029	32,967	34,971	-	-	-	2,526	2,673	2,828	
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		829,906	875,464	906,331	1,064,509	1,079,708		1,179,988	1,404,971	1,590,056	
GRAP adjustments									-	-	
Restated balance		829,906	875,464	906,331	1,064,509	1,079,708	-	1,179,988	1,404,971	1,590,056	
Surplus/(Deficit)		15,510	33,089	46,953	102,140	100,290	-	109,266	154,992	153,387	
Appropriations to Reserves									-	-	
Transfers from Reserves									-	-	
Depreciation offsets									-	-	
Other adjustments								115,717	30,083	34,856	
Accumulated Surplus/(Deficit)	1	845,416	908,553	953,284	1,166,649	1,179,988	-	1,404,971	1,590,056	1,778,099	
Reserves											
Housing Development Fund									-	-	
Capital replacement									-	-	
Self-insurance									-	-	
Other reserves			34,570	34,570					-	-	
Revaluation									-	-	
Total Reserves	2	-	34,570	34,570	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	845,416	943,123	987,854	1,166,649	1,179,988	-	1,404,971	1,590,056	1,778,099	

tal capital expenditure includes expenditure on nationally significant priorities:

[illegible]



**NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all residents of Ga-Segonyana			20,297	33,691	24,031	29,912	30,014	-	32,764	34,664	36,675	
	To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded			37	37	32	35	60	-	207	219	23	
	To ensure the provision of at least one community facility, or closed sport and recreational facility per ward			2,404	2,105	2,614	3,522	3,373	-	2,945	3,115	3,295	
	To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana			8,940	6,852	18,275	7,099	7,164	-	6,587	6,969	7,374	
	To ensure that all (100%) of all rural residential areas, with the exception of in-fits, have at least RDP level of water by the next local government elections			68,481	115,991	112,981	120,400	119,430	-	96,251	121,408	124,6	
	To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and provincial standards			16,969	11,215	25,755	30,139	30,543	-	38,921	49,061	35,313	
	To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area			5,993	7,506	22,605	22,756	22,754	-	27,091	40,132	38,2	
	To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections			96,020	100,139	104,390	131,169	131,319	-	127,722	135,130	142,9	
KPA 2: Good Governance and Public Participation	To ensure good governance in the Municipality			9,402	10,430	12,682	15,876	15,926	-	15,503	16,402	17,3	
KPA 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery			86	98	104	122	132	-	580	614	649	
	To ensure implementation of the Workplace Skills Plan			283	-	324	275	385	-	1,355	1,434	1,517	
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty			29,489	24,303	10,681	16,966	17,342	-	26,931	28,955	43,6	
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Gasogonyana Municipality			22,018	23,099	34,467	43,334	44,180	-	47,741	50,510	53,4	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	280,431	335,466	368,042	421,626	422,613	-	424,599	488,614	506,358

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

NC452 Ga-Segonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Ga-Segonyana - Supporting Table and reconciliation of the Strategic Objectives and Budget (opening expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all			13,433	16,525	20,795	17,372	17,833	-	17,028	18,015	19,060	
	To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded			956	1,852	1,020	1,271	1,073	-	1,639	1,734	1,835	
	To ensure the provision of at least one community facility, or closed sport and recreational facility per ward			10,184	14,850	19,030	16,966	16,043	-	16,869	17,848	18,663	
	To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana			19,101	21,725	17,595	16,740	16,858	-	19,263	20,380	21,562	
	To ensure that all (100% of) all rural residential areas, with the exception of in-fills, have at least RDP level of water by the next			40,599	45,600	48,443	61,745	60,182	-	38,395	40,622	42,978	
	To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and			12,260	12,260	18,562	5,363	5,661	-	5,770	6,105	6,459	
	To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area			23,816	20,195	25,840	20,602	21,028	-	20,780	21,985	23,260	
	To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections			80,816	76,746	70,332	90,871	91,701	-	95,372	100,904	106,756	
A 2: Good Governance and Public Participation	To ensure good governance in the Municipality			15,852	23,968	21,972	18,740	19,744	-	21,117	22,341	23,637	
A 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery			5,107	8,424	5,936	8,673	9,688	-	8,744	9,251	9,787	
	To ensure implementation of the Workplace Skills Plan			7,625	-	16,583	17,660	17,131	-	18,415	19,483	20,613	
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty			15,194	33,101	19,816	16,103	15,552	-	15,232	16,116	17,060	
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Gasegonyana Municipality			19,877	28,131	37,065	27,390	29,641	-	36,709	38,838	41,091	
Allocations to other priorities													
Total Expenditure				1	264,921	302,377	321,889	319,486	322,334	-	315,332	333,622	352,972

References

Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

NC452 Ga-Segonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all	A		-	-	-	210	-	-	-	-	-
	To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded	B		-	-	-	-	-	-	-	-	-
	To ensure the provision of at least one community facility, or closed sport and recreational facility per ward	C		-	-	-	420	-	-	-	-	-
	To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana	D		2,529	1,811	-	375	-	-	-	-	-
	To ensure that all (100% of) all rural residential areas, with the exception of in-fits, have at least RDP level of water by the next	E		44,025	74,307	58,275	90,303	94,573	-	68,900	76,601	85,100
	To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and	F		-	4,662	8,064	9,407	11,032	-	17,520	26,419	12,000
	To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area	G		-	22,323	19,302	31,681	25,541	-	26,850	32,976	38,000
	To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections	H		7,736	6,186	-	3,210	3,000	-	-	-	-
KPA 2: Good Governance and Public Participation	To ensure good governance in the Municipality	I		-	523	863	80	340	-	1,611	-	-
KPA 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery	J		-	324	-	255	380	-	-	-	-
	To ensure implementation of the Workplace Skills Plan	K		141	-	163	345	455	-	184	-	-
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty	L		3,467	10,019	11,308	3,010	2,050	-	10,302	10,027	8,000
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Ga-Segonyana Municipality	M		10	961	-	525	155	-	190	-	-
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	57,927	121,115	97,975	140,031	137,926	-	125,567	147,022	143,000

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure
2. Goal code must be used on Table SA36

NC452 Ga-Segonyana - Supporting Table SA8 Performance indicators and benchmarks

KwaZulu-Natal - Supporting Table 6A: Performance Indicators and Performance											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.8%	1.6%	1.5%	1.5%	1.5%	0.0%	0.0%	1.6%	1.6%	1.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.6%	2.8%	2.8%	2.5%	2.5%	0.0%	0.0%	2.5%	2.5%	2.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	-18.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	72.3%	65.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.0	1.6	1.3	1.7	2.3	-	-	7.5	8.5	13.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	1.6	1.3	1.7	2.3	-	-	7.5	8.5	13.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.3	0.0	0.2	0.2	-	-	0.0	0.3	0.9
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		89.9%	93.8%	61.8%	75.0%	76.6%	0.0%	0.0%	90.0%	90.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		90.0%	93.9%	92.2%	75.0%	76.6%	0.0%	0.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.4%	9.2%	16.0%	10.3%	10.3%	0.0%	0.0%	99.0%	97.3%	96.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		33.1%	216.1%	624.7%	232.7%	247.7%	0.0%	0.0%	6162.7%	246.1%	67.6%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.2%	26.2%	31.3%	29.4%	28.3%	0.0%	0.0%	34.6%	34.0%	33.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26.0%	31.8%	33.7%	31.6%	30.5%	0.0%		36.9%	36.3%	36.1%
Repairs & Maintenance	RAM/(Total Revenue excluding capital revenue)	8.2%	17.2%	14.5%	12.2%	11.9%	0.0%		6.9%	6.8%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	18.7%	17.7%	19.2%	12.4%	12.3%	0.0%	0.0%	7.4%	7.3%	7.3%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	37.0	77.5	24.0	21.9	21.9	21.9	-	20.4	20.4	21.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	29.1%	20.5%	34.1%	23.7%	20.8%	0.0%	0.0%	196.5%	196.5%	196.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.7	0.8	0.3	0.3	0.3	-	-	0.0	0.6	1.2

**References**

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

MD42 Ge Segoyana - Supporting Table SA6 Social, economic and demographic statistics and assumptions

Description of economic indicator	Unit	Date of calculation	2011 Census	2017 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population					94	97	100	100	115	130	130	130
Male aged 15 - 34					13	13	16	13	12	12	12	13
Female aged 15 - 34					13	13	14	13	12	12	12	13
Unemployment					21	22	23	23	26	27	27	27
					93	93	11	11	12	13	13	13
<b>Monthly household income (no. of households)</b>	1/10											
No income									9	118	118	118
R1 - R1 000									2 448	4 188	4 188	4 188
R1 001 - R2 200									2 554	7 877	7 877	7 877
R2 201 - R3 400									5 648	7 379	7 379	7 379
R3 401 - R4 700									3 744	4 423	4 423	4 423
R4 701 - R5 900									2 437	2 912	2 912	2 912
R5 901 - R7 100									1 565	1 805	1 805	1 805
R7 101 - R8 300									708	863	863	863
R8 301 - R9 500									429	515	515	515
R9 501 - R10 700									57	193	193	193
R10 701 - R11 900									14	17	17	17
<b>Energy profile (no. of households)</b>	13											
< R2 000 per household per month	7											
<b>Employment (no. of people)</b>												
Number of people in municipal area									87 338	252	252	252
Number of people in municipal area									65 564	79	79	79
Number of households in municipal area									30 987	47	47	47
Number of people in municipal area									5 865	4	4	4
Number of people in municipal area									2 303	5	5	5
<b>Housing statistics</b>												
Formal												
Informal												
Total number of households												
Dwellings provided by municipality												
Dwellings provided by private sector												
Total new housing dwellings												
<b>Economic</b>												
GDP (GDP at basic prices)									6.9%	6.9%	5.8%	5.8%
Interest rate - borrowing									4.4%	7.0%	7.3%	7.3%
Interest rate - lending									12.2%	14.4%	14.4%	14.4%
Per capita income									5.4%	5.0%	5.0%	5.0%
Consumption (per capita)												
Collection rates												
Proportion of revenue charged									100.0%	100.0%	100.0%	100.0%
Proportion of revenue charged									100.0%	100.0%	100.0%	100.0%
Proportion of revenue charged									100.0%	100.0%	100.0%	100.0%
Proportion of revenue charged									100.0%	100.0%	100.0%	100.0%
Proportion of revenue charged									100.0%	100.0%	100.0%	100.0%

NC452 Ga-Segonyana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	80,943	12,544	4,478	5,493	5,161	-	-	540	11,994	25,709
Cash + investments at the yr end less applications - R'000	18(1)b	2	(2,241)	711	(5,591)	12,207	12,066	-	-	242,558	276,395	316,847
Cash year end/monthly employee/supplier payments	18(1)b	3	5.7	0.8	0.3	0.3	0.3	-	-	0.0	0.6	1.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	15,510	33,089	46,953	102,140	100,280	-	-	109,265	154,992	153,387
Service charge rev % change - macro CPI-X target exclusive	18(1)a(2)	5	N.A.	(1.3%)	6.8%	15.3%	(6.4%)	(106.0%)	(6.0%)	(5.3%)	(0.2%)	(0.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	83.7%	89.3%	85.2%	75.4%	78.0%	0.0%	0.0%	89.2%	89.2%	89.2%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	8.7%	(1.2%)	18.2%	0.3%	0.3%	0.0%	0.0%	0.3%	0.3%	0.3%
Capital payments % of capital expenditure	18(1)c(1)	8	0.0%	100.0%	100.0%	64.9%	71.7%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	(18.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(26.4%)	88.2%	(26.4%)	0.0%	(100.0%)	0.0%	847.6%	5.8%	5.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100.0%)	0.0%	(58.2%)	0.0%	(100.0%)	0.0%	3.9%	5.8%	5.8%
R&M % of Property Plant & Equipment	20(1)(v)	13	2.4%	4.5%	4.0%	3.4%	3.3%	0.0%	0.0%	1.8%	1.8%	1.7%
Asset renewal % of capital budget	20(1)(v)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Footnotes**

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances  
 - indicative of sufficient liquidity to meet average monthly operating payments  
 - indicative of funded operational requirements
3. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue  
 - realistic average increase in debt impairment (doubtful debt) provision  
 - indicative of planned capital expenditure level & cash payment timing  
 - indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current annual debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term annual debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)  
 - Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

**NC452 Ga-Segonyana - Supporting Table SA11 Property rates summary**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Valuation:</b>	1									
Date of valuation:										
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes							
Municipal/assistant valuer appointed? (Y/N)		No	No							
Municipal partnership s38 used? (Y/N)		Yes	Yes		Yes	Yes				
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3		Yes							
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)		Yes	Yes		Yes					
Implementation time of new valuation roll (mths)										
No. of properties	5	9,631	8,893	9,612	10,444	10,444		11,071	11,713	12,392
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipally owned property value (Rm)										
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
<b>Ratings:</b>										
Residential rate used to determine rate for other categories? (Y/N)	5	Yes	Yes							
Differential rates used? (Y/N)										
Limit on annual rate increase (s20)? (Y/N)		Yes	Yes							
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)		Yes	Yes							
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6	17,952	28,151	35	36,862	36,862		39,074	41,340	43,738
Rate revenue expected to collect (R'000)	6	14,823	17,562	32	28,165	28,165		33,282	35,212	37,255
Expected cash collection rate (%)		82.6%	62.4%	91.0%	76.4%	76.4%		90.0%	95.2%	100.7%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)		1,063	1,133	0						
Rebates, exemptions - pensioners (R'000)				0						
Rebates, exemptions - bona fide farm. (R'000)				0						
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>		<b>1,063</b>	<b>1,133</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**References**

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
4. Required to implement new system (FTE)
5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
7. Included in rate revenue budget
8. In favour of the rate-payer



NC452 Ga-Segonyana - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 872(n) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
<b>Current Year 2015/16</b>																	
<b>Valuation:</b>																	
No. of properties		8,128	554	118	385	219	940										
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (R/m)																	
No. of valuations by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)	1																
Frequency of valuation (select)	4																
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (R/m)																	
Valuation reductions-nature reserves/park (R/m)																	
Valuation reductions-mineral rights (R/m)																	
Valuation reductions-R15,000 threshold (R/m)																	
Valuation reductions-public worship (R/m)																	
Valuation reductions-other (R/m)	2																
<b>Total valuation reductions:</b>																	
Total value used for rating (R/m)	6																
Total land value (R/m)	6																
Total value of improvements (R/m)	6																
Total market value (R/m)	6																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R '000)		36,862															
Rate revenue expected to collect (R'000)		28,155															
Expected cash collection rate (%)	4	76.4%															
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
<b>Total rebates, exemptions, discounts (R'000)</b>																	

**References:**

1. Land & Assistance Act, Rectification of Land Rights, Communal Property Associations
2. Include value of additional reductions is free value greater than MPR21 minimum.
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum
4. Include areas collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.



NC452 Ga-Segonyana - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect Areas	National Monuments	Public benefit organs.	Mining Props.
<b>Budget Year 2016/17</b>																	
<b>Valuation:</b>																	
No. of properties		8,616	693	125	408	232	906										
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phrasing in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	5																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R'000)		39,074															
Rate revenue expected to collect (R'000)		33,282															
Expected cash collection rate (%)	4	90.0%															
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
<b>Total rebates, exemptions, discounts (R'000)</b>																	

**References**

1. Land & Assistance Act, Realisation of Land Rights, Communal Property Associations
2. Include value of additional reductions is 'net' value greater than MPPA minimum
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026 expressed to 5 decimal places maximum
4. Include arears collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

NC452 Ga-Segemyara - Supporting Table SA13a Service Tariffs by category

[illegible]

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1. If appropriate, we may need to provide additional information.

Reprints are available. Contact: [reprints@wiley.com](mailto:reprints@wiley.com) or (800) 818-7243.



NC452 Ga-Segonyana - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total large household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/decrease</b>											
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates			16,895,433.00	17,968,353.00							
Electricity: Basic levy			44,074,136.00	44,056,574.00							
Electricity: Consumption			21,195,185.00	22,556,025.00							
Water: Basic levy			13,652,166.00	17,515,495.00							
Water: Consumption											
Sanitation			5,793,786.00	9,216,150.00							
Refuse removal			5,895,295.00	6,375,613.00							
Other											
<b>sub-total</b>		-	119,461,016.00	117,796,241.00	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	119,461,016.00	117,796,241.00	-	-	-	-	-	-	-
<b>% increase/decrease</b>			13.6%	6.6%	(100.0%)	-	-	-	-	-	-
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/decrease</b>			-	-	-	-	-	-	-	-	-

## References

1. Use as basic property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basic property value of R550 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basic property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

IC452 Ga-Segonyana - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>arent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	<b>1</b>	-	-	-	-	-	-	-	-	-
<b>ntities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>onsolidated total:</b>		-	-	-	-	-	-	-	-	-

References

1. Total investments must reconcile to Budgeted Financial Position (current call investment deposits plus 'non-current' investments)

NC452 Ga-Segonyana - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of investment	Type of investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate \$.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment
Name of institution & investment ID	1	Yrs/Months							
Parent municipality									
Municipality sub-total									
Entities									
Entities sub-total									
TOTAL INVESTMENTS AND INTEREST	1								

References  
1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)  
2. List investments in expiry date order

NC452 Ga-Segonyana - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		27,679	24,991	22,566	25,782	25,782		19,906	17,481	15,056
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	27,679	24,991	22,566	25,782	25,782	-	19,906	17,481	15,056
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	27,679	24,991	22,566	25,782	25,782	-	19,906	17,481	15,056

<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	-	-	-	-	-	-	-	-	-

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)



NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		71,248	85,531	98,526	130,609	130,609	-	120,973	133,873	145,478
Local Government Equitable Share		66,467	73,591	86,992	109,444	109,444		117,413	130,941	143,078
Finance Management		1,500	1,550	1,600	1,675	1,675		1,810	2,145	2,400
Municipal Systems Improvement		800	890	934	940	940		750	787	
Water Services Operating Subsidy		1,481	6,500	7,000	17,500	17,500				
EPWP Incentive		1,000	1,000	1,000	1,050	1,050		1,000		
Integrated National Electrification Programme			2,000	1,000						
<b>Provincial Government:</b>		932	940	1,228	2,088	1,943	-	1,978	2,121	-
Sport and Recreation		932	940	1,228	2,088	1,943		1,978	2,121	
<b>Other transfers/grants (insert description)</b>										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
(insert description)										
<b>Other grant providers:</b>		7,229	1,014	-	-	-	-	-	-	-
ACIP WATER		4,419								
Blue Drop and Green Drop		14								
1000RURAL HOUSING		1,197								
200 Rural Housing										
Kuruman Reservoir		114								
Kgotsofola Nala		1,486	1,014							
<b>Total Operating Transfers and Grants</b>	5	79,409	87,485	99,754	132,697	132,552	-	122,951	135,994	145,478
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		55,163	68,204	94,218	98,546	98,546	-	107,321	147,022	143,358
Municipal Infrastructure Grant (MIG)		55,163	52,371	51,027	52,195	52,195		51,521	55,244	56,340
Neighbourhood Development Partnership			-							
Rural Households Infrastructure			5,951	4,162						
Regional Bulk Infrastructure			6,329	24,858	15,638	15,638				
Municipal Water Infrastructure Grant			3,543	14,170	27,713	27,713				
Integrated National Electrification Programme					3,000	3,000				
Other capital transfers/grants (insert desc)										
Water Services Infrastructure Grant								55,800	91,778	85,000
AMOGE LANG CHILDHOOD										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants (insert description)										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
(insert description)										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
ACIP WATER										
<b>Total Capital Transfers and Grants</b>	5	55,163	68,204	94,218	98,546	98,546	-	107,321	147,022	143,358
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		134,572	155,689	193,972	231,243	231,098	-	230,272	283,016	288,836

## References

- Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
- Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
- Replacement of RSC levies
- Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
- Total transfers and grants must reconcile to Budgeted Cash Flows
- Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

..C452 Ga-Segonyana - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
in thousand										
EXPENDITURE:	1									
operating expenditure of Transfers and Grants										
National Government:		70,811	83,078	97,805	130,609	130,609	-	120,973	133,873	145,478
Local Government Equitable Share		86,467	73,591	86,992	109,444	109,444		117,413	130,941	143,078
Finance Management		1,516	1,550	1,600	1,675	1,675		1,810	2,145	2,400
Municipal Systems Improvement		571	564	663	940	940		750	787	
Water Services Operating Subsidy		1,481	6,150	7,350	17,500	17,500				
EPWP Incentive		777	1,223	1,000	1,050	1,050		1,000		
Integrated National Electrification Programme										
Other transfers/grants (insert description)										
Provincial Government:		932	940	1,228	2,088	1,943	-	1,978	2,121	-
Sport and Recreation		932	940	1,228	2,088	1,943		1,978	2,121	
Other transfers/grants (insert description)										
District Municipality:		-	-	-	-	-	-	-	-	-
(insert description)										
Other grant providers:		34,430	1,287	1,322	98,546	98,546	-	-	-	-
ACIP WATER		2,855	273	1,321	52,195	52,195				
Blue Drop and Green Drop		81								
1000RURAL HOUSING		25,166								
200 Rural Housing										
Kuruman Reservoir		6,329	-		15,638	15,638				
Kgotsopula Nala		-	1,014	1	27,713	27,713				
					3,000	3,000				
total operating expenditure of Transfers and Grants:		106,173	85,305	100,355	231,243	231,098	-	122,951	135,994	145,478
Capital expenditure of Transfers and Grants										
National Government:		51,972	80,248	85,278	-	-	-	107,321	147,022	143,358
Municipal Infrastructure Grant (MIG)		51,340	66,326	45,202				51,521	55,244	58,358
Neighbourhood Development Partnership			-							
Rural Households Infrastructure			2,051							
Regional Bulk Infrastructure			6,329	24,837						
Municipal Water Infrastructure Grant			3,543	14,170						
Integrated National Electrification Programme		632	2,000	1,000						
Other capital transfers/grants (insert desc)										
Water Services Infrastructure Grant								55,800	91,778	85,000
AMOGELANG CHILDHOOD				69						
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants (insert description)										
District Municipality:		-	-	-	-	-	-	-	-	-
(insert description)										
Other grant providers:		-	-	-	-	-	-	-	-	-
ACIP WATER										
total capital expenditure of Transfers and Grants		51,972	80,248	85,278	-	-	-	107,321	147,022	143,358
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		158,145	165,553	185,633	231,243	231,098	-	230,272	283,016	288,836

**References**

Expenditure must be separately listed for each transfer or grant received or recognised

NC452 Ga-Segonyana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year 2018/19
R thousand										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		83	1,851							
Current year receipts		56,687	93,043	101,698	130,609	130,609		120,973	133,873	145,473
Conditions met - transferred to revenue		56,770	6,230	2,355	130,609	130,609	-	-	-	-
Conditions still to be met - transferred to liabilities			88,664	99,333				120,973	133,873	145,473
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		0								
Current year receipts		932	940	1,228	2,088	2,088		1,978	2,121	-
Conditions met - transferred to revenue		932	940	-	2,088	2,088	-	-	-	-
Conditions still to be met - transferred to liabilities				1,228				1,978	2,121	-
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		1,624								
Current year receipts		41,703								
Conditions met - transferred to revenue		43,328	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		101,030	7,170	2,355	132,697	132,697	-	-	-	-
<b>Total operating transfers and grants - CTBM</b>	2	-	88,664	100,501	-	-	-	122,951	135,994	145,478
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		10,764	14,024							
Current year receipts		40,576	65,916	91,055	98,546	98,546		107,321	147,022	143,358
Conditions met - transferred to revenue		51,340	3,990	5,983	98,546	98,546	-	-	-	-
Conditions still to be met - transferred to liabilities			75,950	85,072				107,321	147,022	143,358
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		51,340	3,990	5,983	98,546	98,546	-	-	-	-
<b>Total capital transfers and grants - CTBM</b>	2	-	75,950	85,072	-	-	-	107,321	147,022	143,358
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		152,370	11,160	8,338	231,243	231,243	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	164,613	185,634	-	-	-	230,272	283,016	288,836

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance
2. CTBM = conditions to be met
3. National Treasury database will require this reconciliation for each transfer/grant

IC452 Ga-Segonyana - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
: thousand											
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Cash Transfers To Entities/Em's</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>											
<b>Total Cash Transfers To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Groups of Individuals</b>											
<i>Insert description</i>											
<b>Total Cash Transfers To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Non-Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Non-Cash Transfers To Entities/Em's</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b>											
	4										
<b>Total Non-Cash Grants To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Grants to Groups of Individuals</b>											
<i>Insert description</i>	5				1,762	2,722			2,131	2,254	2,385
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	1,762	2,722	-	-	2,131	2,254	2,385
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	1,762	2,722	-	-	2,131	2,254	2,385
<b>TOTAL TRANSFERS AND GRANTS</b>	6	-	-	-	1,762	2,722	-	-	2,131	2,254	2,385

**NOTES**

1. Insert description listed by municipal name and demarcation code of recipient
2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)
3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)
4. Insert description of each other organisation (e.g. charity)
5. Insert description of each other organisation (e.g. the aged, child-headed households)
6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

NC452 Ga-Segonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		2012/13	2013/14	2014/15	Current Year 2015/16			2015/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
		3,854	5,383	4,554	4,800	4,800		4,856	5,130	5,438
		1,275		541	500	500		528	598	591
								231	264	258
		1,479		1,254	1,302	1,302		1,527	1,594	1,687
			435	652	635	635		144	168	167
Sub Total - Councillors	1	6,419	6,743	7,002	7,115	7,115	-	7,271	7,993	8,123
% increase	4		5.1%	3.8%	1.6%	-	(100.0%)	-	5.8%	5.6%
<b>Senior Managers of the Municipality</b>										
	2	2,845	2,737	2,937	3,820	3,820		4,530	4,702	5,258
		200	894	524	282	282		134	206	218
			205		187	187				
			-							
			-							
	3	332	121	990	743	743		571	716	751
	3	27	123	90	89	89		89	88	94
	3		58							
	3	50								
	6									
Sub Total - Senior Managers of Municipality	1	3,457	3,962	4,141	5,391	5,391	-	5,470	5,787	6,123
% increase	4		14.3%	4.3%	23.8%	-	(100.0%)	-	5.8%	5.8%
<b>Other Municipal Staff</b>										
		35,757	44,537	51,885	50,705	50,827		60,212	72,158	76,354
		5,264	8,683	7,665	10,537	9,175		11,527	12,196	12,903
		4,334	3,095	3,711	4,182	4,218		4,906	5,257	5,562
		2,778	2,710	3,450	1,968	3,548		3,117	3,283	3,408
	3	2,134	1,687	1,771	1,938	1,968		2,316	2,516	2,682
	3		123	183	215	227		245	299	274
	3	1,980	1,886	2,495	2,065	2,745		3,177	3,381	3,586
	3	2,803	9,560	10,882	7,918	8,682		6,405	9,345	10,022
			1,219	1,538	1,205	1,041		1,265	1,380	1,430
			111	983	118	118		58	62	66
	6									
Sub Total - Other Municipal Staff	1	54,357	71,851	84,556	85,848	85,638	-	104,368	110,422	116,827
% increase	4		32.2%	17.7%	6.3%	(3.6%)	(100.0%)	-	5.8%	5.8%
<b>Total Parent Municipality</b>										
		64,243	82,537	95,698	102,065	95,844	-	117,110	123,902	131,060
			26.3%	15.9%	6.0%	(3.1%)	(100.0%)	-	5.8%	5.8%
<b>Board Members of Entities</b>										
	3									
	3									
	3									
	3									
	6									
Sub Total - Board Members of Entities	1	-	-	-	-	-	-	-	-	-
% increase	4									
<b>Senior Managers of Entities</b>										
	3									
	3									
	3									
	3									
	6									
Sub Total - Senior Managers of Entities	1	-	-	-	-	-	-	-	-	-
% increase	4									
<b>Other Staff of Entities</b>										
	3									
	3									
	3									
	3									
	6									
Sub Total - Other Staff of Entities	1	-	-	-	-	-	-	-	-	-
% increase	4									
<b>Total Municipal Entities</b>										
		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>										
		64,243	82,537	95,698	102,065	95,844	-	117,110	123,902	131,060
% increase	4		26.5%	15.9%	6.8%	(2.1%)	(100.0%)	-	5.8%	5.8%
<b>TOTAL MANAGERS AND STAFF</b>										
5,7		57,824	75,814	86,696	94,939	91,729	-	109,839	115,209	122,650

## References:

1. Includes "Leave" and "Advances" where applicable if any reportable amounts and phased compliance with s154 of the MFMA achieved
2. s57 of the Systems Act
3. In-kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance
4. BSA, GSA, DSA, ECA, FSA, GSA, HSA, ISA
5. Must agree to the sub-total appearing on Table A7 (Employee costs)
6. Includes pension payments and employer contributions to medical aid
7. Correct as at 30 June

## Column Definitions:

- A, B and C: Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited
- D: The original budget approved by council for the budget year
- E: The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA
- F: An estimate of final actual amounts (on audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E
- G: This amount to be appropriated for the budget year
- H and I: The indicative projection



NC452 Ga-Segonyana - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		25		25	25		25	25		25
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	4		4	5		5	5		5
Other Managers	7	6	6		16	16		14	14	
Professionals		128	118	10	137	129	8	161	150	11
Finance		28	28	—	34	34	—	42	42	—
Spatial/town planning		7	4	3	7	4	3	11	8	3
Information Technology								3	3	
Roads								2	2	
Electricity		2	2		3	3		2	2	
Water								—	—	
Sanitation								—	—	
Refuse								—	—	
Other		91	84	7	93	88	5	101	93	
Technicians		340	180	160	360	246	114	237	147	50
Finance		8	8		8	8		—	—	
Spatial/town planning		3	3		5	3	2	—	—	
Information Technology		2	2		3	3		2	—	
Roads		33	25	8	39	34	5	31	25	
Electricity		17	14	3	22	21	1	17	14	3
Water		14	11	3	14	14	—	14	13	1
Sanitation		14	13	1	16	16	—	18	17	
Refuse		76	52	24	76	55	21	69	54	1
Other		173	52	121	177	92	85	86	24	61
Clerks (Clerical and administrative)		—			—			12	12	
Service and sales workers		8	8		8	8		9	9	
Skilled agricultural and fishery workers								—	—	
Craft and related trades								—	—	
Plant and Machine Operators								17	17	
Elementary Occupations								—	—	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>511</b>	<b>312</b>	<b>199</b>	<b>551</b>	<b>399</b>	<b>152</b>	<b>480</b>	<b>349</b>	<b>131</b>
% increase					7.8%	27.9%	(23.6%)	(12.9%)	(12.5%)	(13.8%)
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

**References**

1. Positions must be funded and aligned to the municipality's current organisational structure
2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
3. s57 of the Systems Act
4. Include only in Consolidated Statements
5. Include municipal entity employees in Consolidated Statements
6. Include headcount (number to persons, Not FTE) of managers and staff only (exclude councillors)
7. Managers who provide the direction of a critical technical function
8. Total number of employees working on these functions



NC452 Ga-Segonyana - Supporting Table SA25 Budgeted monthly revenue and expenditure

Budget Year 2016/17																	Medium Term Revenue and Expenditure Framework			
R thousand	Description	Ref	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
<b>Revenue By Source</b>																				
	Property rates		20 157	1 563	1 860	1 769	1 720	1 852	1 053	1 123	1 153	1 159	1 259	1 314	36 980	39 125	41 394			
	Property rates - penalties & collection charges																			
	Service charges - electricity revenue		8 421	5 631	4 302	5 694	4 302	4 652	5 427	6 714	8 145	8 493	9 769	10 476	82 966	87 778	92 059			
	Service charges - water revenue		1 290	1 268	1 819	1 309	1 727	1 650	1 644	1 554	1 735	1 306	1 152	1 527	18 021	19 066	20 172			
	Service charges - sanitation revenue		947	948	925	947	947	945	973	973	970	972	977	1 242	11 766	12 448	13 170			
	Service charges - refuse revenue		615	615	808	622	618	615	778	673	694	775	877	919	9 070	9 533	10 085			
	Service charges - other																			
	Rental of facilities and equipment		101	82	95	37	87	111	70	63	99	87	87	104	1 079	1 141	1 207			
	Interest earned - external investments		233	221	117	96	227	0	147	26	117	96	227	84	1 590	1 682	1 790			
	Interest earned - outstanding debtors		370	381	437	424	404	413	418	432	437	424	404	457	5 000	5 290	5 597			
	Dividends received																			
	Fines		577	86	20	57	99	7	73	85	20	67	99	3	1 204	1 273	1 347			
	Licences and permits		126	193	142	240	419	189	222	181	142	240	419	537	3 049	3 226	3 413			
	Agency services		84	155	115	157	258	63	195	154	115	157	258	253	1 904	2 099	2 221			
	Transfers recognised - operational		42 856	245	684	961	32 815	2 135	258	154	38 521	1 420	1 203	1 697	122 951	135 994	145 478			
	Other revenue		3 492	7 452	2 293	1 123	2 242	68	267	266	1 116	534	278	2 547	21 679	22 936	24 266			
	Gains on disposal of PPE																			
<b>Total Revenue (excluding capital transfers and contribution)</b>			<b>79 271</b>	<b>20 242</b>	<b>13 620</b>	<b>13 494</b>	<b>46 065</b>	<b>12 720</b>	<b>11 526</b>	<b>12 396</b>	<b>53 465</b>	<b>15 731</b>	<b>16 980</b>	<b>21 759</b>	<b>317 278</b>	<b>341 592</b>	<b>363 000</b>			
<b>Expenditure By Type</b>																				
	Employee related costs		8 714	8 925	10 041	9 769	9 372	10 706	9 512	8 003	8 789	8 372	8 706	8 911	109 839	116 209	122 950			
	Remuneration of councillors		584	584	584	589	507	507	507	800	589	507	607	555	7 271	7 693	8 139			
	Debt impairment														537	568	501			
	Depreciation & asset impairment		1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	1 754	21 046	22 267	23 558			
	Finance charges		209	209	209	209	209	209	209	209	209	209	209	209	2 512	2 658	2 812			
	Bulk purchases		7 541	8 265	8 011	4 800	4 532	4 792	5 640	5 797	5 500	4 632	5 792	9 443	75 944	80 349	85 009			
	Other materials																			
	Contracted services		786	786	786	786	786	786	786	786	786	786	786	786	9 431	9 978	10 557			
	Transfers and grants		178	178	178	178	178	178	178	178	178	178	178	178	2 131	2 254	2 385			
	Other expenditure		2 435	6 376	5 395	5 300	5 974	16 295	5 656	4 192	5 300	5 974	16 295	7 217	86 621	91 645	96 961			
	Loss on disposal of PPE																			
<b>Total Expenditure</b>			<b>22 201</b>	<b>27 077</b>	<b>26 950</b>	<b>23 204</b>	<b>23 512</b>	<b>35 327</b>	<b>24 751</b>	<b>21 719</b>	<b>23 204</b>	<b>22 512</b>	<b>35 327</b>	<b>29 540</b>	<b>315 332</b>	<b>333 672</b>	<b>352 972</b>			
<b>Surplus/(Deficit)</b>			<b>57 070</b>	<b>(6 835)</b>	<b>(13 337)</b>	<b>(9 710)</b>	<b>22 553</b>	<b>(22 608)</b>	<b>(13 225)</b>	<b>(9 323)</b>	<b>30 261</b>	<b>(6 780)</b>	<b>(18 339)</b>	<b>(7 781)</b>	<b>1 945</b>	<b>7 970</b>	<b>10 029</b>			
	Transfers recognised - capital		5 606	8 602	14 781	7 057	7 625	6 585	7 710	9 795	5 950	11 991	12 334	9 303	107 321	147 022	143 358			
	Contributions recognised - capital																			
	Contributed assets																			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>62 676</b>	<b>1 768</b>	<b>1 444</b>	<b>(2 643)</b>	<b>30 178</b>	<b>(16 053)</b>	<b>(5 516)</b>	<b>473</b>	<b>36 211</b>	<b>5 210</b>	<b>(6 005)</b>	<b>1 523</b>	<b>109 266</b>	<b>154 992</b>	<b>153 387</b>			
	Taxation																			
	Attributable to minorities																			
	Share of surplus/(profit) of associate																			
<b>1</b>	<b>Surplus/(Deficit)</b>		<b>62 676</b>	<b>1 768</b>	<b>1 444</b>	<b>(2 643)</b>	<b>30 178</b>	<b>(16 053)</b>	<b>(5 516)</b>	<b>473</b>	<b>36 211</b>	<b>5 210</b>	<b>(6 005)</b>	<b>1 523</b>	<b>109 266</b>	<b>154 992</b>	<b>153 387</b>			

(References)

1. Surplus/(Deficit) must reconcile with Budgeted Financial Performance

NC452 Ga-Segonyana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year *1 2017/18	Budget Year *2 2018/19
Revenue by Vote																	
	Vote 1 - EXECUTIVE & COUNCIL		6 224	23	259	0	4 149	100	1	5	4 169	9	21	537	15 503	15 402	17 354
	Vote 2 - BUDGET & TREASURY		21 134	1 778	2 090	2 095	3 854	1 533	1 673	2 456	2 574	2 894	2 405	3 263	47 741	50 510	53 440
	Vote 3 - CORPORATE SERVICES		84	44	42	255	101	23	124	22	68	12	237	393	1 405	1 497	1 573
	Vote 4 - PLANNING & DEVELOPMENT		1 349	5 961	3 263	2 767	1 588	1 532	962	1 240	2 331	1 851	1 116	2 921	26 881	26 902	43 585
	Vote 5 - HEALTH		14	0	3	1	7	3	1	-	6	6	0	31	70	74	78
	Vote 6 - COMMUNITY & SOCIAL SERVICES		121	122	131	81	110	54	207	198	138	294	294	991	2 740	2 899	3 068
	Vote 7 - PUBLIC SAFETY		904	430	956	458	854	178	447	428	716	169	583	465	6 587	6 969	7 374
	Vote 8 - WASTE WATER MANAGEMENT		4 752	1 619	6 382	2 501	4 683	2 960	2 873	2 627	4 049	2 091	2 053	2 330	38 921	49 051	36 313
	Vote 9 - ROAD TRANSPORT		1 463	775	1 405	-	49	-	3 027	3 027	3 527	1 527	3 527	8 765	27 091	40 132	38 259
	Vote 10 - WATER		15 521	5 523	3 649	4 135	16 708	5 727	1 809	4 851	15 970	8 799	9 354	1 205	96 251	121 408	124 642
	Vote 11 - Electricity		22 403	8 215	4 306	5 695	17 172	4 554	7 100	8 751	18 742	9 526	9 833	11 325	127 722	135 130	142 968
	Vote 12 - WASTE MANAGEMENT		9 564	923	908	922	6 512	1 022	1 079	1 073	7 259	1 080	1 083	1 328	32 764	34 654	36 675
	Vote 13 - SPORTS & RECREATION																
	Vote 14 - OTHER		130	53	67	47	101	59	76	55	59	154	47	35	921	974	1 031
	Vote 15 - HOUSING													-	-	-	-
Total Revenue by Vote			83 662	25 470	23 459	18 961	55 889	20 844	19 379	24 733	59 657	28 402	30 554	33 588	424 599	488 614	506 358
Expenditure by Vote to be appropriated																	
	Vote 1 - EXECUTIVE & COUNCIL		966	1 589	2 527	1 325	1 324	3 420	1 126	1 499	1 438	1 295	2 319	2 310	21 117	22 341	23 637
	Vote 2 - BUDGET & TREASURY		2 515	2 121	3 625	2 038	2 203	4 177	3 602	2 575	3 182	2 772	3 398	4 501	36 709	38 838	41 031
	Vote 3 - CORPORATE SERVICES		1 999	1 480	1 465	1 583	1 976	1 587	1 562	2 403	1 369	1 191	1 197	1 562	20 151	21 320	22 556
	Vote 4 - PLANNING & DEVELOPMENT		559	805	949	1 110	611	2 593	730	1 697	1 572	764	1 709	397	13 496	14 279	15 107
	Vote 5 - HEALTH		3	0	1	7	9	9	3	11	18	13	1	0	75	79	84
	Vote 6 - COMMUNITY & SOCIAL SERVICES		1 166	1 309	1 365	925	1 647	1 757	1 225	1 702	1 407	1 498	1 556	1 511	17 070	18 060	19 107
	Vote 7 - PUBLIC SAFETY		1 944	1 366	1 364	1 339	1 825	1 840	1 672	1 771	1 855	1 386	1 346	1 545	19 263	20 360	21 562
	Vote 8 - WASTE WATER MANAGEMENT		232	514	555	381	330	1 004	254	602	257	259	313	1 070	5 770	6 105	6 499
	Vote 9 - ROAD TRANSPORT		594	2 635	848	798	875	9 634	803	887	830	875	828	1 173	20 780	21 955	23 250
	Vote 10 - WATER		1 178	281	291	1 905	2 761	9 889	2 316	3 896	4 659	4 335	5 145	1 739	38 395	40 622	42 978
	Vote 11 - Electricity		6 567	8 913	6 806	5 763	5 704	6 537	4 708	4 987	8 705	9 354	10 299	12 638	95 372	100 904	106 756
	Vote 12 - WASTE MANAGEMENT		1 775	1 099	1 538	997	1 127	1 585	1 158	2 155	1 183	1 976	1 108	1 325	17 028	18 015	19 060
	Vote 13 - SPORTS & RECREATION																
	Vote 14 - OTHER		699	622	778	744	745	1 737	863	806	979	615	789	731	10 107	10 653	11 314
	Vote 15 - HOUSING													-	-	-	-
Total Expenditure by Vote			20 586	22 715	24 112	19 322	21 137	47 749	20 422	24 992	27 462	26 335	30 007	30 492	315 332	333 622	352 972
Surplus/(Deficit) before assoc.			63 074	2 756	(653)	(362)	34 752	(26 905)	(1 043)	(259)	32 196	2 067	547	3 097	109 266	154 992	153 387
	Taxation													-	-	-	-
	Attributable to minorities													-	-	-	-
	Share of surplus/(deficit) of associate													-	-	-	-
Surplus/(Deficit)			1	63 074	2 756	(653)	34 752	(26 905)	(1 043)	(259)	32 196	2 067	547	3 097	109 266	154 992	153 387

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC452 Ga-Segonyana - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2018/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>																
Governance and administration		27,442	1,851	2,391	2,351	8,105	1,655	1,798	2,483	6,811	2,905	2,663	4,194	64,650	68,400	72,367
Executive and council		6,224	29	259	0	4,149	100	1	5	4,169	9	21	537	15,503	16,402	17,354
Budget and treasury office		21,134	1,778	2,090	2,095	3,954	1,533	1,673	2,456	2,574	2,884	2,406	3,253	47,741	50,510	53,640
Corporate services		84	44	42	256	101	23	124	22	68	12	237	393	1,405	1,467	1,573
Community and public safety		1,169	605	1,156	587	1,071	293	731	681	958	623	925	1,521	10,319	10,917	11,550
Community and social services		121	122	131	81	110	54	207	196	138	294	254	991	2,740	2,899	3,058
Sport and recreation		130	53	67	47	101	59	76	55	99	154	47	35	921	974	1,031
Public safety		904	430	956	453	854	178	447	428	716	169	583	465	6,587	6,969	7,374
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		14	0	3	1	7	3	1	-	6	6	0	31	70	74	78
Economic and environmental services		2,812	6,735	4,668	2,767	1,638	1,532	3,989	4,267	5,958	3,378	4,643	11,885	53,972	69,034	81,844
Planning and development		1,349	5,961	3,263	2,767	1,588	1,532	962	1,240	2,331	1,851	1,116	2,921	25,881	28,902	43,585
Road transport		1,463	775	1,405	-	49	-	3,027	3,027	3,527	1,527	3,527	8,765	27,091	40,132	38,259
Environmental protection		52,239	16,278	15,244	13,256	45,076	17,363	12,862	17,302	46,030	21,496	22,323	16,188	-	-	340,598
Trading services		22,403	8,215	4,306	5,696	17,172	4,654	7,100	8,751	18,742	9,526	9,833	11,325	127,722	135,130	142,958
Electricity		15,521	5,523	3,646	4,136	16,708	8,727	1,809	4,861	15,970	8,799	9,354	1,205	96,251	121,408	124,842
Water		4,752	1,619	6,362	2,501	4,663	2,960	2,873	2,627	4,049	2,091	2,053	2,330	38,921	49,061	36,313
Waste water management		9,564	923	906	922	6,512	1,022	1,079	1,073	7,269	1,083	1,083	1,328	32,764	34,664	36,675
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		83,662	25,470	23,459	18,961	55,889	20,844	19,379	24,733	59,657	28,402	30,554	33,580	424,599	488,614	506,350
<b>Total Revenue - Standard</b>																
<b>Expenditure - Standard</b>																
Governance and administration		5,480	5,189	7,617	5,352	5,503	9,165	6,689	6,477	5,988	5,259	6,914	8,363	77,976	82,499	87,284
Executive and council		965	1,569	2,527	1,325	1,324	3,420	1,126	1,499	1,438	1,295	2,319	2,310	21,117	22,341	23,637
Budget and treasury office		2,515	2,121	3,625	2,038	2,203	4,177	3,602	2,575	3,182	2,772	3,396	4,501	36,709	38,838	41,091
Corporate services		1,999	1,480	1,465	1,989	1,976	1,567	1,962	2,403	1,369	1,191	1,197	1,552	20,151	21,320	22,556
Community and public safety		3,811	3,298	3,508	3,015	4,226	5,343	3,764	4,291	4,268	3,513	3,691	3,786	46,514	49,212	52,066
Community and social services		1,185	1,309	1,365	925	1,647	1,757	1,226	1,702	1,407	1,498	1,556	1,511	17,070	18,050	19,107
Sport and recreation		699	622	778	744	745	1,737	863	806	979	815	789	731	10,107	10,693	11,314
Public safety		1,944	1,366	1,364	1,339	1,825	1,840	1,672	1,771	1,865	1,386	1,345	1,545	19,263	20,380	21,562
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		3	0	1	7	9	9	3	11	18	13	1	0	75	79	84
Economic and environmental services		1,153	3,441	1,797	1,908	1,486	12,227	1,533	2,585	2,401	1,639	2,536	1,570	34,276	36,264	38,367
Planning and development		559	805	949	1,110	611	2,593	730	1,897	1,572	764	1,709	397	13,496	14,279	15,107
Road transport		594	2,636	843	798	875	9,534	803	887	830	875	828	1,173	20,780	21,985	23,260
Environmental protection		10,143	10,807	11,190	9,047	9,922	21,014	8,436	11,640	14,804	15,924	16,865	16,772	156,566	165,647	175,254
Trading services		6,957	8,913	8,905	5,763	5,704	8,537	4,708	4,987	8,705	9,354	10,299	12,638	95,372	100,904	106,756
Electricity		1,178	281	291	1,506	2,761	9,889	2,316	3,886	4,659	4,335	5,145	1,739	38,395	40,522	42,978
Water		232	514	555	381	330	1,004	254	602	257	259	313	1,070	5,770	6,105	6,459
Waste water management		1,776	1,099	1,538	997	1,127	1,586	1,159	2,155	1,183	1,976	1,108	1,325	17,026	18,015	19,060
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		20,588	22,715	24,112	19,322	21,137	47,749	20,422	24,992	27,462	26,335	30,007	30,492	315,332	333,622	352,972
<b>Total Expenditure - Standard</b>																
Surplus/(Deficit) before assoc.		63,074	2,756	1,653	(362)	34,752	(26,905)	(1,043)	(259)	32,196	2,067	947	3,097	109,266	154,982	153,367
Share of surplus/(deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	63,074	2,756	1,653	(362)	34,752	(26,905)	(1,043)	(259)	32,196	2,067	947	3,097	109,266	154,982	153,367

References

1. Surplus/(Deficit) must reconcile with Budgeted Financial Performance

NC452 Ga-Segonyana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
1	<b>Multi-year expenditure to be appropriated</b>																
	Vote 1 - EXECUTIVE & COUNCIL																
	Vote 2 - BUDGET & TREASURY																
	Vote 3 - CORPORATE SERVICES																
	Vote 4 - PLANNING & DEVELOPMENT																
	Vote 5 - HEALTH																
	Vote 6 - COMMUNITY & SOCIAL SERVICES																
	Vote 7 - PUBLIC SAFETY																
	Vote 8 - WASTE WATER MANAGEMENT																
	Vote 9 - ROAD TRANSPORT																
	Vote 10 - WATER																
	Vote 11 - Electricity																
	Vote 12 - WASTE MANAGEMENT																
	Vote 13 - SPORTS & RECREATION																
	Vote 14 - OTHER																
	Vote 15 - HOUSING																
<b>Capital multi-year expenditure sub-total</b>																	
2	<b>Single-year expenditure to be appropriated</b>																
	Vote 1 - EXECUTIVE & COUNCIL																
	Vote 2 - BUDGET & TREASURY																
	Vote 3 - CORPORATE SERVICES																
	Vote 4 - PLANNING & DEVELOPMENT																
	Vote 5 - HEALTH																
	Vote 6 - COMMUNITY & SOCIAL SERVICES																
	Vote 7 - PUBLIC SAFETY																
	Vote 8 - WASTE WATER MANAGEMENT																
	Vote 9 - ROAD TRANSPORT																
	Vote 10 - WATER																
	Vote 11 - Electricity																
	Vote 12 - WASTE MANAGEMENT																
	Vote 13 - SPORTS & RECREATION																
	Vote 14 - OTHER																
	Vote 15 - HOUSING																
<b>Capital single-year expenditure sub-total</b>																	
<b>Total Capital Expenditure</b>																	
2			5 606	11 166	18 064	9 480	7 907	8 267	10 540	9 947	7 974	13 437	12 574	10 607	125 567	147 022	143 358
2			5 606	11 166	18 064	9 480	7 907	8 267	10 540	9 947	7 974	13 437	12 574	10 607	125 567	147 022	143 358

NC452 Ga-Segonyana - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
1	<b>Capital Expenditure - Standard</b>																
	<b>Governance and administration</b>																
	Executive and council		-	-	26	-	82	-	1 107	1	300	10	40	419	1 985	-	-
	Budget and treasury office		-	-	-	-	-	-	985	-	300	-	40	286	1 611	-	-
	Corporate services		-	-	26	-	12	-	65	1	-	5	-	81	190	-	-
	<b>Community and public safety</b>		-	-	-	-	70	-	56	-	-	5	-	53	184	-	-
	Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Economic and environmental services</b>		1 528	2 918	4 067	4 121	2 307	1 858	1 919	4 029	2 156	3 018	4 141	5 099	37 162	44 003	46 000
	Planning and development		145	2 143	1 182	132	1 153	1 153	1 145	1 143	1 302	132	153	439	10 302	10 027	8 000
	Road transport		1 383	775	2 885	3 989	1 154	705	775	2 885	775	2 885	3 983	4 650	26 830	33 976	38 000
	<b>Trading services</b>		4 078	8 248	13 971	5 359	5 518	6 409	7 514	5 917	5 518	10 409	8 393	5 088	86 420	103 019	97 358
2	<b>Electricity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Water		4 078	7 577	8 514	3 805	4 298	4 303	7 514	5 805	4 298	8 393	8 393	1 837	68 900	76 601	85 000
	Waste water management		-	571	5 457	1 553	1 222	2 016	-	112	1 222	2 016	-	3 251	17 520	28 419	12 358
	Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Capital Expenditure - Standard</b>		5 606	11 166	18 064	9 480	7 907	8 267	10 540	9 947	7 974	13 437	12 574	10 607	125 567	147 022	143 358
	<b>Funded by:</b>																
	National Government		5 606	8 602	14 781	7 067	7 625	6 555	7 710	9 796	5 950	11 991	12 334	9 303	107 321	147 022	143 358
	Provincial Government																
	District Municipality																
	Other transfers and grants																
	<b>Transfers recognised - capital</b>		5 606	8 602	14 781	7 067	7 625	6 555	7 710	9 796	5 950	11 991	12 334	9 303	107 321	147 022	143 358
	<b>Public contributions &amp; donations</b>			2 563	3 257	2 412	200	1 562	1 523		1 523	1 236		923	15 000		
	<b>Borrowing</b>						82	450	230	150	200	200	200	300	1 800		
	<b>Internally generated funds</b>				26	-		-	1 107	1	300	10	40	80	1 646		
	<b>Total Capital Funding</b>		5 606	11 166	18 064	9 480	7 907	8 267	10 540	9 947	7 974	13 437	12 574	10 607	125 567	147 022	143 358

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

check



R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>															
Property rates	545	1,937	4,613	2,030	5,257	1,376	1,063	1,304	4,613	2,030	5,257	3,167	33,262	36,212	37,255
Property rates - penalties & collection charges															
Service charges - electricity revenue	7,203	6,792	5,849	5,321	5,852	2,906	4,171	5,795	5,849	7,321	7,852	9,768	74,670	75,000	83,582
Service charges - water revenue	1,049	1,213	1,134	1,166	1,835	1,946	1,776	1,228	1,134	1,766	1,336	1,239	16,219	17,160	18,166
Service charges - sanitation revenue	837	639	1,010	943	917	816	945	849	810	943	917	962	10,569	11,204	11,853
Service charges - refuse revenue	884	695	634	650	499	736	617	747	734	760	599	763	8,109	8,579	9,077
Service charges - other															
Rental of facilities and equipment	101	82	98	87	87	111	70	53	99	87	87	104	1,079	1,141	1,207
Interest earned - external investments	233	221	117	96	227	0	147	26	117	96	227	84	1,590	1,682	1,780
Interest earned - outstanding debtors	370	361	437	424	404	413	418	432	437	424	404	467	5,000	5,290	5,697
Dividends received															
Fines	577	86	20	57	99	7	73	85	20	67	99	3	1,204	1,273	1,347
Licences and permits	126	193	142	240	419	189	222	180	142	240	419	537	3,049	3,226	3,413
Agency services	84	156	115	157	258	83	195	154	115	157	258	253	1,984	2,099	2,221
Transfer receipts - operational	52,592	420	894	5,992	31,403		469		31,403				122,951	135,994	145,478
Other revenue	5,343	5,655	293	5,825	1,167	988	594	163	293	1,125	293	100	21,579	22,936	24,266
<b>Cash Receipts by Source</b>	<b>69,746</b>	<b>18,368</b>	<b>15,148</b>	<b>22,958</b>	<b>48,423</b>	<b>9,550</b>	<b>10,708</b>	<b>11,096</b>	<b>45,768</b>	<b>14,406</b>	<b>17,747</b>	<b>17,456</b>	<b>301,403</b>	<b>324,797</b>	<b>345,231</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	22,253	1,379	4,295	34,646	1,500		5,097	13,466	24,666				107,321	147,022	143,358
Contributions recognised - capital & contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term financing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (Increase) other non-current receivables															
Decrease (Increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>91,999</b>	<b>19,736</b>	<b>19,443</b>	<b>57,646</b>	<b>49,923</b>	<b>9,550</b>	<b>15,805</b>	<b>24,561</b>	<b>70,432</b>	<b>14,406</b>	<b>17,747</b>	<b>17,456</b>	<b>408,724</b>	<b>471,819</b>	<b>488,589</b>
<b>Cash Payments by Type</b>															
Employee related costs	8,714	8,925	10,041	9,789	9,372	10,706	9,612	8,003	9,789	8,372	8,706	8,911	109,639	116,209	122,950
Remuneration of councillors	584	584	584	589	607	607	607	600	589	607	607	605	7,271	7,693	8,139
Finance charges	209	209	209	209	209	209	209	209	209	209	209	209	2,612	2,668	2,812
Bulk purchases - Electricity	7,541	8,265	8,011	4,600	4,632	4,792	5,840	5,797	5,600	4,632	6,762	9,443	75,944	80,349	85,009
Bulk purchases - Water & Sewer															
Other materials															
Contracted services	786	786	786	786	786	786	786	786	786	786	786	786	9,431	9,978	10,557
Transfers and grants - other municipalities															
Transfers and grants - other	178	178	178	178	178	178	178	178	178	178	178	178	2,131	2,264	2,305
Other expenditure	2,435	6,376	6,396	5,300	5,974	16,206	5,866	4,192	5,300	5,974	16,206	7,217	86,621	91,646	96,961
<b>Cash Payments by Type</b>	<b>20,447</b>	<b>25,323</b>	<b>25,204</b>	<b>21,450</b>	<b>21,758</b>	<b>33,574</b>	<b>22,997</b>	<b>19,966</b>	<b>21,450</b>	<b>20,758</b>	<b>33,574</b>	<b>27,249</b>	<b>293,749</b>	<b>310,787</b>	<b>328,812</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	5,606	8,628	11,064	9,879	17,333	11,267	5,847	5,979	9,828	17,933	11,267	9,108	125,567	147,022	143,358
Repayment of borrowing	201	201	201	201	201	201	201	201	201	201	201	201	2,416	2,556	2,704
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	<b>26,254</b>	<b>34,353</b>	<b>36,469</b>	<b>31,480</b>	<b>38,892</b>	<b>45,042</b>	<b>29,045</b>	<b>27,146</b>	<b>31,480</b>	<b>38,892</b>	<b>45,042</b>	<b>36,639</b>	<b>421,732</b>	<b>460,364</b>	<b>474,874</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>65,745</b>	<b>(14,616)</b>	<b>(17,026)</b>	<b>26,166</b>	<b>10,032</b>	<b>(35,492)</b>	<b>(13,241)</b>	<b>(2,550)</b>	<b>38,943</b>	<b>(24,486)</b>	<b>(27,295)</b>	<b>(19,181)</b>	<b>(13,007)</b>	<b>11,454</b>	<b>13,715</b>
Cash/cash equivalents at the month/year begin:	13,547	79,292	64,676	47,849	73,815	83,847	48,355	35,114	32,559	71,502	47,016	19,721	13,547	540	11,994
Cash/cash equivalents at the month/year end:	79,292	64,676	47,650	73,815	83,847	48,355	35,114	32,559	71,502	47,016	19,721	540	11,994	11,994	25,709

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cash flow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTRF it is now directly linked.

„C452 Ga-Segonyana - NOT REQUIRED - municipality does not have entities

[illegible]



NC452 Ga-Segonyana - Supporting Table SA32 List of external mechanisms

External mechanism  Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Camelsa Consulting	Mths	9	Financial Statements	30 November 2016	4,500
Tholo Security			Security		
Kgomongwe	Yrs	3	Cash in Transit	31 March 2016	1,355
Tsaiangwe Waste and Security Services	Yrs	3	Rehabilitation of Landfill Site Cleaning	31 March 2019	9,944

References

1. Total agreement period from commencement until end
2. Annual value

NC452 Ga-Segonyana - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total Contract Value
		Total	Original Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>R thousand</b>	1,3													
<b>Parent Municipality:</b>														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Revenue Implication</b>														
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Expenditure Implication</b>														
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Capital Expenditure Implication</b>														
<b>Total Parent Expenditure Implication</b>														
<b>Entities:</b>														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Revenue Implication</b>														
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Expenditure Implication</b>														
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Capital Expenditure Implication</b>														
<b>Total Entity Expenditure Implication</b>														

**References**

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column
2. List all contracts with future financial obligations beyond the three years covered by the MTRF (MFMA s.53)
3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1 million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

NC452 Ga-Segonyana - Supporting Table SA34a Capital expenditure on new assets by asset class

N4432 Ga-Segonyana - Supporting Table SA334 Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		51,760	110,708	85,841	134,048	134,548	-	113,280	138,905	135,358
Infrastructure - Road transport		-	22,323	10,302	31,546	25,941	-	26,860	33,976	38,000
Roads, Pavements & Bridges			22,323	10,302	31,546	25,941		26,860	33,976	38,000
Stone water										
Infrastructure - Electricity		7,736	6,186	-	3,000	3,000	-	-	-	-
Generation										
Transmission & Retention		2,362	6,186		3,000	3,000				
Street Lighting		5,374								
Infrastructure - Water		44,025	74,307	58,275	90,093	94,573	-	68,900	76,601	85,000
Dams & Reservoirs		44,025								
Water purification										
Retention			74,307	58,275	90,093	94,573		68,900	76,601	85,000
Infrastructure - Sanitation		-	4,662	8,064	9,407	11,032	-	17,520	26,419	12,358
Retention								17,520	26,419	12,358
Sewage purification			4,662	8,064	9,407	11,032				
Infrastructure - Other		-	3,231	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other			3,231							
Community		-	-	6,294	-	-	-	6,541	7,027	5,000
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls				1,135				6,541	7,027	5,000
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Comedians										
Social rental housing										
Other				5,159						
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	639	163	-	-	-	-	-	-
Housing development										
Other			639	163						
Other assets		6,128	9,568	5,877	5,965	3,125	-	5,666	5,000	3,000
General vehicles			523		2,470			1,600		
Specialised vehicles		1,644	1,793	-	-	-	-	-	-	-
Plant & equipment		760	95					1,250		
Computers - hardware/equipment										
Furniture and other office equipment		1,866	1,285	1,297	3,515	3,085		2,816	5,000	3,000
Ambulances										
Markets										
Other Land and Buildings			5,854	3,670		40				
Other Buildings										
Other Land		1,734								
Surplus Assets - (Investment or inventory)										
Other		125	17	371						
Agricultural assets		-	-	-	-	-	-	-	-	-
Not sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
Not sub-class										
Intangibles		30	-	-	-	255	-	80	-	-
Computers - software & programming		30				255		80		
Other (Not sub-class)										
Total Capital Expenditure on new assets	1	57,827	121,115	97,975	140,031	137,628	-	135,567	147,032	145,358
Specialised vehicles		1,644	1,793	-	-	-	-	-	-	-
Refuse										
Fire		1,644	1,793							
Conservancy										
Ambulances										

## References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expenditure in Budgeted Capital Expenditure
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WiFi infrastructure) for economic development purposes
4. Work in progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Assets used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

NC452 Ga-Segonyana - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Actual Outcome	Actual Outcome	Actual Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>										
Infrastructure - Road transport										
Roads, Pavements & Bridges										
Stormwater										
Infrastructure - Electricity										
Generation										
Transmission & Rehabilitation										
Street Lighting										
Infrastructure - Water										
Dams & Reservoirs										
Water purification										
Rehabilitation										
Infrastructure - Sanitation										
Rehabilitation										
Sewerage purification										
Infrastructure - Other										
Waste Management										
Transportation										
Bus										
Other										
<b>Community</b>										
Parks & gardens										
Sportsfields & tracks										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Sticks										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
<b>Heritage assets</b>										
Buildings										
Other										
<b>Investment properties</b>										
Housing development										
Other										
<b>Other assets</b>										
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Assets										
Machinery										
Over Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>										
Land sub-class										
<b>Biological assets</b>										
Land sub-class										
<b>Intangibles</b>										
Computers - software & programming										
Other (Not sub-class)										
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>									

<b>Specialised vehicles</b>										
Refuse										
Fire										
Conservancy										
Amphibious										
<b>Revenues of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Revenues of Existing Assets as % of depreciation</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Footnotes**

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) and reconcile to total capital expenditure in Budgeted Capital Expenditure
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology laboratories (e.g. fibre optic, Wi-Fi infrastructure, for economic development purposes)
4. Work in progress/under construction to be budgeted under the respective item
5. Infrastructure includes land and buildings required by that infrastructure and vehicles/equipment used by the service generated by that infrastructure
6. Development/infrastructure & leased assets to be included within the respective sub-class
7. Buses used to provide a service to the community
8. Not municipal contribution to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as Plant and equipment

NC432 Ge-Segonyana - Supporting Table 5A34c: Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	FY16 Year Forecast	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		11 450	22 705	21 691	23 247	23 247	—	18 286	13 308	11 825
Infrastructure - Road transport		2 863	5 272	7 550	3 236	3 236	—	3 574	3 761	4 800
Roads, Pavements & Bridges		2 362	5 588	7 582	3 036	3 036	—	3 382	3 507	3 703
Storm water		500	289	—	200	200	—	212	224	237
Infrastructure - Electricity		3 806	3 641	4 521	1 817	1 817	—	2 320	2 567	2 835
Distribution		300	50	—	—	—	—	—	—	—
Transmission & Retransmission		3 506	3 611	4 521	1 817	1 817	—	2 320	2 567	2 835
Street Lighting		200	389	—	258	258	—	256	265	280
Infrastructure - Water		2 853	7 155	5 521	500	500	—	530	561	595
Water & Wastewater		—	150	—	—	—	—	—	—	—
Water purification		—	—	—	—	—	—	—	—	—
Wastewater		2 853	7 005	5 521	500	500	—	530	561	595
Infrastructure - Sanitation		1 653	1 413	2 518	200	200	—	212	224	237
Sanitation		—	—	—	—	—	—	—	—	—
Sewerage purification		1 653	1 413	2 518	200	200	—	212	224	237
Infrastructure - Other		291	335	1 456	11 580	11 580	—	3 706	3 915	4 142
Waste Management		—	—	1 456	—	—	—	3 706	3 915	4 142
Transportation	2	—	—	—	—	—	—	—	—	—
Gas	3	291	305	—	17 580	17 580	—	—	—	—
Other	3	—	—	—	—	—	—	—	—	—
Community		643	306	382	2 791	3 068	—	419	443	469
Parks & gardens		120	120	143	150	150	—	112	112	125
Sportsfields & clubs		100	26	25	190	180	—	34	29	63
Swimming pools		—	—	—	—	—	—	—	—	—
Community halls		110	57	85	64	64	—	165	136	267
Libraries	2	3	3	5	2	2	—	—	—	—
Recreational facilities		—	—	—	—	—	—	—	—	—
Fire, safety & emergency		55	12	90	50	50	—	48	50	53
Security and policing		—	—	—	—	—	—	—	—	—
Clubs		—	—	—	—	—	—	—	—	—
Circles		—	—	—	—	—	—	—	—	—
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		255	63	80	190	190	—	—	—	—
Social rental housing		—	—	—	—	—	—	—	—	—
Other		—	—	—	2 791	2 477	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings	3	—	—	—	—	—	—	—	—	—
Other	3	—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Other assets		5 625	21 703	19 228	12 278	12 278	—	11 642	11 680	12 249
General vehicles		1 580	4 370	3 561	1 877	1 877	—	1 352	1 441	1 675
Specialised vehicles		4 496	9 281	7 914	4 567	4 567	—	2 530	2 577	2 632
Plant & equipment		1 199	2 141	2 035	5 145	5 145	—	1 330	1 508	1 797
Computers - hardware/equipment		1 254	2 878	2 412	284	284	—	2 546	2 594	2 850
Furniture and other office equipment		256	1 165	1 025	155	155	—	1 212	1 202	1 336
Audio/visual		—	—	—	—	—	—	—	—	—
Marine		—	—	—	—	—	—	—	—	—
Cable Link and Buildings		—	—	—	—	—	—	—	—	—
Other Buildings		376	568	540	270	270	—	—	—	—
Other Land		—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		—	1 178	—	—	—	—	—	—	—
Agricultural assets		—	—	—	—	—	—	—	—	—
Land sub-class		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Land sub-class		—	—	—	—	—	—	—	—	—
Intangible		—	—	—	—	—	—	—	—	—
Computers - software & programming		—	—	—	—	—	—	—	—	—
Other (Intangible assets)		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	21 119	44 707	41 152	33 317	38 324	—	21 842	22 114	24 654
Specialised services		4 496	9 281	7 914	4 567	4 567	—	2 530	2 577	2 632
Police		—	—	—	—	—	—	—	—	—
Fire		—	—	—	—	—	—	—	—	—
Conservancy		4 496	9 281	7 914	4 567	4 567	—	2 530	2 577	2 632
Ambulance		—	—	—	—	—	—	—	—	—
RAM as % of RPE		2.4%	4.6%	4.5%	3.4%	3.7%	0.0%	1.2%	1.0%	1.7%
RAM as % Operating Expenditure		8.0%	14.0%	12.4%	12.3%	12.5%	0.0%	6.9%	6.9%	6.6%

**Footnotes**

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1
2. Applies to Parks, Gas, Forestry and Tax Revenue
3. For example: technology hardware (e.g. New cars, HPI infrastructure) for economic development purposes
4. Work on projects/infrastructure construction to be budgeted under the respective item
5. Infrastructure includes land and buildings required by that infrastructure and vehicle/plant & equipment used by the service generated by that infrastructure
6. Discretionary/allocated/leased assets to be included within the respective sub-class
7. Buses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing sub-class
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, police vehicles - but not vehicles that would normally be classified as Plant and equipment

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NC452 Gasegonyana - Supporting Table SA34d Depreciation by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year: 2015/16			2015/17 Medium Term Revenue & Expenditure Framework		
P. Unassigned		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Depreciation by Asset Class/Sub-class											
Infrastructure			34,746	40,073	38,254	36,280	38,206	-	26,710	21,828	25,151
Infrastructure - Road transport			13,905	9,772	13,593	8,783	8,782	-	7,176	7,421	7,662
Roads, Pavements & Bridges			2,714	9,772	13,593	8,782	8,782	-	7,176	7,421	7,662
Storm water			3,791	-	-	0	0	-	-	-	-
Infrastructure - Electricity			8,635	8,196	6,685	0,168	8,186	-	5,617	5,320	5,616
Generation			-	-	-	-	-	-	-	-	-
Transmission & Distribution			8,805	8,196	6,685	8,185	8,186	-	5,617	5,320	5,616
Street Lighting			-	-	-	-	-	-	-	-	-
Infrastructure - Water			12,807	15,751	10,746	10,251	10,251	-	8,080	6,484	8,955
Dams & Reservoirs			-	-	-	-	-	-	-	-	-
Water purification			-	-	-	2,500	2,500	-	3,080	6,484	8,955
Refuse collection			12,807	15,751	10,746	7,751	7,751	-	-	-	-
Infrastructure - Sanitation			7,832	4,421	5,629	38	38	-	58	53	56
Refuse collection			7,832	4,421	5,629	38	38	-	58	53	56
Infrastructure - Other			-	2,944	532	2,944	2,944	-	936	673	712
Waste Management			-	2,944	532	2,944	2,944	-	936	673	712
Refuse			-	-	-	-	-	-	-	-	-
Transportation			-	-	-	-	-	-	-	-	-
Car			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Community			-	21	1,980	496	496	-	-	-	-
Parks & gardens			-	-	-	47	47	-	-	-	-
Sportsfields & stadia			-	-	-	-	-	-	-	-	-
Swimming pools			-	-	-	0	0	-	-	-	-
Community halls			-	21	879	66	68	-	-	-	-
Libraries			-	-	-	136	108	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	1,901	276	276	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Dams			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Other assets			5,481	2,543	13,344	6,944	6,944	-	338	347	367
General vehicles			563	33	1,145	630	606	-	27	25	26
Specialised vehicles			1,203	-	7,793	5,485	5,456	-	58	59	63
Plant & equipment			883	-	2,994	385	385	-	-	-	-
Computers - hardware/equipment			-	-	331	85	85	-	-	-	-
Furniture and other office equipment			622	2,530	1,106	239	270	-	263	264	280
Animals			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civil Land and Buildings			61	-	-	-	-	-	-	-	-
Other Buildings			-	-	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-	-
Surplus Assets - Investment or Inventory			36	-	0	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
Not sub-class			-	-	-	-	-	-	-	-	-
Biological assets			17	-	-	-	-	-	-	-	-
INTANGIBLE ASSETS			17	-	-	-	-	-	-	-	-
Intangible			44	-	-	-	-	-	-	-	-
Computer - software & programming			44	-	-	-	-	-	-	-	-
Other (Not sub-class)			-	-	-	-	-	-	-	-	-
Total Depreciation		1	38,290	43,157	51,279	37,636	37,638	-	21,840	22,257	25,958
Specialised vehicles			1,206	-	7,783	5,486	5,466	-	58	59	63
Refuse			-	-	-	-	-	-	-	-	-
Fire			-	-	-	-	-	-	-	-	-
Emergency			1,206	-	7,783	5,486	5,466	-	58	59	63
Refuse			-	-	-	-	-	-	-	-	-

**Notes:**

- Depreciation based on net book value. Not including Depreciation resulting from revaluation.
- Assets: Car Parks, Bus Terminals and Taxi Ranks.
- For example, Technology facilities (e.g. fibre optic, WIFI infrastructure) for economic development purposes.
- Work in progress/under construction to be included under the respective infrastructure and equipment/land by the service generated by that infrastructure.
- Infrastructure (roads, rail and buildings) required by that infrastructure and equipment/land by the service generated by that infrastructure.
- Depreciation on land and buildings assets to be included within the respective sub-class.
- Assets used to provide a service to the community.
- For municipal contributions to the 'free structure' being built using the housing subsidies.
- Stations, art collection, medals etc.
- Archaeological, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'land and equipment'.

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**NC452 Ga-Segonyana - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	<b>1</b>							
Vote 1 - EXECUTIVE & COUNCIL		1,611	-	-				
Vote 2 - BUDGET & TREASURY		190	-	-				
Vote 3 - CORPORATE SERVICES		184	-	-				
Vote 4 - PLANNING & DEVELOPMENT		10,302	10,027	8,000				
Vote 5 - HEALTH		-	-	-				
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-				
Vote 7 - PUBLIC SAFETY		-	-	-				
Vote 8 - WASTE WATER MANAGEMENT		17,520	26,419	12,358				
Vote 9 - ROAD TRANSPORT		26,860	33,976	38,000				
Vote 10 - WATER		68,900	76,601	85,000				
Vote 11 - Electricity		-	-	-				
Vote 12 - WASTE MANAGEMENT		-	-	-				
Vote 13 - SPORTS & RECREATION		-	-	-				
Vote 14 - OTHER		-	-	-				
Vote 15 - HOUSING		-	-	-				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		<b>125,567</b>	<b>147,022</b>	<b>143,358</b>	-	-	-	-
<b>Future operational costs by vote</b>	<b>2</b>							
Vote 1 - EXECUTIVE & COUNCIL		21,117	22,341	23,637				
Vote 2 - BUDGET & TREASURY		36,709	38,838	41,091				
Vote 3 - CORPORATE SERVICES		20,151	21,320	22,556				
Vote 4 - PLANNING & DEVELOPMENT		13,496	14,279	15,107				
Vote 5 - HEALTH		75	79	84				
Vote 6 - COMMUNITY & SOCIAL SERVICES		17,070	18,060	19,107				
Vote 7 - PUBLIC SAFETY		19,263	20,380	21,562				
Vote 8 - WASTE WATER MANAGEMENT		5,770	6,105	6,459				
Vote 9 - ROAD TRANSPORT		20,780	21,985	23,260				
Vote 10 - WATER		38,395	40,622	42,978				
Vote 11 - Electricity		95,372	100,904	106,756				
Vote 12 - WASTE MANAGEMENT		17,028	18,015	19,060				
Vote 13 - SPORTS & RECREATION		10,107	10,693	11,314				
Vote 14 - OTHER		-	-	-				
Vote 15 - HOUSING		-	-	-				
List entity summary if applicable								
<b>Total future operational costs</b>		<b>630,665</b>	<b>667,243</b>	<b>705,943</b>	-	-	-	-
<b>Future revenue by source</b>	<b>3</b>							
Property rates		36,980	39,125	41,394				
Property rates - penalties & collection charges		-	-	-				
Service charges - electricity revenue		82,966	87,778	92,869				
Service charges - water revenue		18,021	19,066	20,172				
Service charges - sanitation revenue		11,766	12,448	13,170				
Service charges - refuse revenue		9,010	9,533	10,085				
Service charges - other		-	-	-				
Rental of facilities and equipment		1,079	1,141	1,207				
Interest earned - external investments		1,590	1,682	1,780				
Interest earned - outstanding debtors		5,000	5,290	5,597				
Dividends received		-	-	-				
Fines		1,204	1,273	1,347				
Licences and permits		3,049	3,226	3,413				
Agency services		1,984	2,099	2,221				
Transfers recognised - operational		122,951	135,994	145,478				
Other revenue		21,679	22,936	24,266				
List entity summary if applicable								
<b>Total future revenue</b>		<b>317,278</b>	<b>341,592</b>	<b>363,000</b>	-	-	-	-
<b>Net Financial Implications</b>		<b>438,954</b>	<b>472,674</b>	<b>486,301</b>	-	-	-	-

**References**

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))
2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))
3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)



Table 2.3.3: Project Budget and Financial Summary

Project Name	Project ID	Project Manager	Project Status	Project Start Date	Project End Date	Project Budget (USD)	Project Actual (USD)	Project Variance (USD)	Project % Complete	Project Notes
Project A	001	John Doe	Completed	2023-01-01	2023-03-31	100,000	100,000	0	100%	Project A completed successfully.
Project B	002	Jane Smith	In Progress	2023-04-01	2023-06-30	200,000	150,000	-50,000	75%	Project B is currently in progress.
Project C	003	Mike Johnson	On Hold	2023-07-01	2023-09-30	150,000	0	-150,000	0%	Project C is currently on hold.
Project D	004	Sarah Lee	Planned	2023-10-01	2023-12-31	50,000	0	-50,000	0%	Project D is currently planned.
Project E	005	David Brown	Completed	2023-01-01	2023-02-28	75,000	75,000	0	100%	Project E completed successfully.
Project F	006	Emily White	In Progress	2023-03-01	2023-05-31	120,000	90,000	-30,000	75%	Project F is currently in progress.
Project G	007	Chris Green	On Hold	2023-06-01	2023-08-31	80,000	0	-80,000	0%	Project G is currently on hold.
Project H	008	Alice Black	Planned	2023-09-01	2023-11-30	60,000	0	-60,000	0%	Project H is currently planned.
Project I	009	Bob Grey	Completed	2023-02-01	2023-04-30	90,000	90,000	0	100%	Project I completed successfully.
Project J	010	Charlie Blue	In Progress	2023-05-01	2023-07-31	110,000	85,000	-25,000	77%	Project J is currently in progress.
Project K	011	Diana Purple	On Hold	2023-08-01	2023-10-31	130,000	0	-130,000	0%	Project K is currently on hold.
Project L	012	Ethan Yellow	Planned	2023-11-01	2024-01-31	40,000	0	-40,000	0%	Project L is currently planned.
Project M	013	Fiona Pink	Completed	2023-01-01	2023-03-31	85,000	85,000	0	100%	Project M completed successfully.
Project N	014	George Brown	In Progress	2023-04-01	2023-06-30	160,000	120,000	-40,000	75%	Project N is currently in progress.
Project O	015	Hannah Green	On Hold	2023-07-01	2023-09-30	140,000	0	-140,000	0%	Project O is currently on hold.
Project P	016	Ian Blue	Planned	2023-10-01	2023-12-31	55,000	0	-55,000	0%	Project P is currently planned.
Project Q	017	Julia Grey	Completed	2023-01-01	2023-02-28	70,000	70,000	0	100%	Project Q completed successfully.
Project R	018	Kyle Black	In Progress	2023-03-01	2023-05-31	115,000	95,000	-20,000	83%	Project R is currently in progress.
Project S	019	Laura Purple	On Hold	2023-06-01	2023-08-31	95,000	0	-95,000	0%	Project S is currently on hold.
Project T	020	Mark Yellow	Planned	2023-09-01	2023-11-30	65,000	0	-65,000	0%	Project T is currently planned.
Project U	021	Nancy Pink	Completed	2023-02-01	2023-04-30	80,000	80,000	0	100%	Project U completed successfully.
Project V	022	Oscar Brown	In Progress	2023-05-01	2023-07-31	125,000	100,000	-25,000	80%	Project V is currently in progress.
Project W	023	Pamela Green	On Hold	2023-08-01	2023-10-31	135,000	0	-135,000	0%	Project W is currently on hold.
Project X	024	Quinn Blue	Planned	2023-11-01	2024-01-31	45,000	0	-45,000	0%	Project X is currently planned.
Project Y	025	Rachel Grey	Completed	2023-01-01	2023-03-31	88,000	88,000	0	100%	Project Y completed successfully.
Project Z	026	Samuel Black	In Progress	2023-04-01	2023-06-30	165,000	125,000	-40,000	76%	Project Z is currently in progress.
Project AA	027	Tina Purple	On Hold	2023-07-01	2023-09-30	145,000	0	-145,000	0%	Project AA is currently on hold.
Project AB	028	Uma Yellow	Planned	2023-10-01	2023-12-31	60,000	0	-60,000	0%	Project AB is currently planned.
Project AC	029	Victor Pink	Completed	2023-02-01	2023-04-30	82,000	82,000	0	100%	Project AC completed successfully.
Project AD	030	Wendy Brown	In Progress	2023-05-01	2023-07-31	128,000	105,000	-23,000	82%	Project AD is currently in progress.
Project AE	031	Xavier Green	On Hold	2023-08-01	2023-10-31	138,000	0	-138,000	0%	Project AE is currently on hold.
Project AF	032	Yara Blue	Planned	2023-11-01	2024-01-31	50,000	0	-50,000	0%	Project AF is currently planned.
Project AG	033	Zoe Grey	Completed	2023-01-01	2023-03-31	92,000	92,000	0	100%	Project AG completed successfully.
Project AH	034	Adam Black	In Progress	2023-03-01	2023-05-31	118,000	98,000	-20,000	83%	Project AH is currently in progress.
Project AI	035	Bella Purple	On Hold	2023-06-01	2023-08-31	98,000	0	-98,000	0%	Project AI is currently on hold.
Project AJ	036	Carl Yellow	Planned	2023-09-01	2023-11-30	68,000	0	-68,000	0%	Project AJ is currently planned.
Project AK	037	Dora Pink	Completed	2023-02-01	2023-04-30	84,000	84,000	0	100%	Project AK completed successfully.
Project AL	038	Ethan Brown	In Progress	2023-05-01	2023-07-31	130,000	110,000	-20,000	85%	Project AL is currently in progress.
Project AM	039	Fiona Green	On Hold	2023-08-01	2023-10-31	140,000	0	-140,000	0%	Project AM is currently on hold.
Project AN	040	George Blue	Planned	2023-11-01	2024-01-31	52,000	0	-52,000	0%	Project AN is currently planned.
Project AO	041	Hannah Grey	Completed	2023-01-01	2023-03-31	94,000	94,000	0	100%	Project AO completed successfully.
Project AP	042	Ian Black	In Progress	2023-03-01	2023-05-31	120,000	102,000	-18,000	85%	Project AP is currently in progress.
Project AQ	043	Julia Purple	On Hold	2023-06-01	2023-08-31	100,000	0	-100,000	0%	Project AQ is currently on hold.
Project AR	044	Kyle Yellow	Planned	2023-09-01	2023-11-30	70,000	0	-70,000	0%	Project AR is currently planned.
Project AS	045	Laura Pink	Completed	2023-02-01	2023-04-30	86,000	86,000	0	100%	Project AS completed successfully.
Project AT	046	Mark Brown	In Progress	2023-05-01	2023-07-31	132,000	115,000	-17,000	87%	Project AT is currently in progress.
Project AU	047	Nancy Green	On Hold	2023-08-01	2023-10-31	142,000	0	-142,000	0%	Project AU is currently on hold.
Project AV	048	Oscar Blue	Planned	2023-11-01	2024-01-31	54,000	0	-54,000	0%	Project AV is currently planned.
Project AW	049	Pamela Grey	Completed	2023-01-01	2023-03-31	96,000	96,000	0	100%	Project AW completed successfully.
Project AX	050	Quinn Black	In Progress	2023-03-01	2023-05-31	122,000	104,000	-18,000	85%	Project AX is currently in progress.
Project AY	051	Rachel Purple	On Hold	2023-06-01	2023-08-31	102,000	0	-102,000	0%	Project AY is currently on hold.
Project AZ	052	Samuel Yellow	Planned	2023-09-01	2023-11-30	72,000	0	-72,000	0%	Project AZ is currently planned.
Project BA	053	Tina Pink	Completed	2023-02-01	2023-04-30	88,000	88,000	0	100%	Project BA completed successfully.
Project BB	054	Uma Brown	In Progress	2023-05-01	2023-07-31	134,000	118,000	-16,000	88%	Project BB is currently in progress.
Project BC	055	Victor Green	On Hold	2023-08-01	2023-10-31	144,000	0	-144,000	0%	Project BC is currently on hold.
Project BD	056	Wendy Blue	Planned	2023-11-01	2024-01-31	56,000	0	-56,000	0%	Project BD is currently planned.
Project BE	057	Xavier Grey	Completed	2023-01-01	2023-03-31	98,000	98,000	0	100%	Project BE completed successfully.
Project BF	058	Yara Black	In Progress	2023-03-01	2023-05-31	124,000	106,000	-18,000	86%	Project BF is currently in progress.
Project BG	059	Zoe Purple	On Hold	2023-06-01	2023-08-31	104,000	0	-104,000	0%	Project BG is currently on hold.
Project BH	060	Adam Yellow	Planned	2023-09-01	2023-11-30	74,000	0	-74,000	0%	Project BH is currently planned.
Project BI	061	Bella Pink	Completed	2023-02-01	2023-04-30	90,000	90,000	0	100%	Project BI completed successfully.
Project BJ	062	Carl Brown	In Progress	2023-05-01	2023-07-31	136,000	120,000	-16,000	88%	Project BJ is currently in progress.
Project BK	063	Dora Green	On Hold	2023-08-01	2023-10-31	146,000	0	-146,000	0%	Project BK is currently on hold.
Project BL	064	Ethan Blue	Planned	2023-11-01	2024-01-31	58,000	0	-58,000	0%	Project BL is currently planned.
Project BM	065	Fiona Grey	Completed	2023-01-01	2023-03-31	100,000	100,000	0	100%	Project BM completed successfully.
Project BN	066	George Black	In Progress	2023-03-01	2023-05-31	126,000	108,000	-18,000	86%	Project BN is currently in progress.
Project BO	067	Hannah Purple	On Hold	2023-06-01	2023-08-31	106,000	0	-106,000	0%	Project BO is currently on hold.
Project BP	068	Ian Yellow	Planned	2023-09-01	2023-11-30	76,000	0	-76,000	0%	Project BP is currently planned.
Project BQ	069	Julia Pink	Completed	2023-02-01	2023-04-30	92,000	92,000	0	100%	Project BQ completed successfully.
Project BR	070	Kyle Brown	In Progress	2023-05-01	2023-07-31	138,000	122,000	-16,000	88%	Project BR is currently in progress.
Project BS	071	Laura Green	On Hold	2023-08-01	2023-10-31	148,000	0	-148,000	0%	Project BS is currently on hold.
Project BT	072	Mark Blue	Planned	2023-11-01	2024-01-31	60,000	0	-60,000	0%	Project BT is currently planned.
Project BU	073	Nancy Grey	Completed	2023-01-01	2023-03-31	102,000	102,000	0	100%	Project BU completed successfully.
Project BV	074	Oscar Black	In Progress	2023-03-01	2023-05-31	128,000	110,000	-18,000	86%	Project BV is currently in progress.
Project BV	075	Pamela Purple	On Hold	2023-06-01	2023-08-31	108,000	0	-108,000	0%	Project BV is currently on hold.
Project BW	076	Quinn Yellow	Planned	2023-09-01	2023-11-30	78,000	0	-78,000	0%	Project BW is currently planned.
Project BX	077	Rachel Pink	Completed	2023-02-01	2023-04-30	94,000	94,000	0	100%	Project BX completed successfully.
Project BY	078	Samuel Brown	In Progress	2023-05-01	2023-07-31	140,000	124,000	-16,000	89%	Project BY is currently in progress.
Project BZ	079	Tina Green	On Hold	2023-08-01	2023-10-31	150,000	0	-150,000	0%	Project BZ is currently on hold.
Project CA	080	Uma Blue	Planned	2023-11-01	2024-01-31	62,000	0	-62,000	0%	Project CA is currently planned.
Project CB	081	Victor Grey	Completed	2023-01-01	2023-03-31	104,000	104,000	0	100%	Project CB completed successfully.
Project CC	082	Wendy Black	In Progress	2023-03-01	2023-05-31	130,000	112,000	-18,000	86%	Project CC is currently in progress.
Project CD	083	Xavier Purple	On Hold	2023-06-01	2023-08-31	110,000	0	-110,000	0%	Project CD is currently on hold.
Project CE	084	Yara Yellow	Planned	2023-09-01	2023-11-30	80,000	0	-80,000	0%	Project CE is currently planned.
Project CF	085	Zoe Pink	Completed	2023-02-01	2023-04-30	96,000	96,000	0	100%	Project CF completed successfully.
Project CG	086	Adam Brown	In Progress	2023-05-01	2023-07-31	142,000	126,000	-16,000	89%	Project CG is currently in progress.
Project CH	087	Bella Green	On Hold	2023-08-01	2023-10-31	152,000	0	-152,000	0%	Project CH is currently on hold.
Project CI	088	Carl Blue	Planned	2023-11-01	2024-01-31	64,000	0	-64,000	0%	Project CI is currently planned.
Project CJ	089	Dora Grey	Completed	2023-01-01	2023-03-31	106,000	106,000	0	100%	Project CJ completed successfully.
Project CK	090	Ethan Black	In Progress	2023-03-01	2023-05-31	132,000	114,000	-18,000	87%	Project CK is currently in progress.
Project CL	091	Fiona Purple	On Hold	2023-06-01	2023-08-31	112,000	0	-112,000	0%	Project CL is currently on hold.
Project CM	092	George Yellow	Planned	2023-09-01	2023-11-30	82,000	0	-82,000	0%	Project CM is currently planned.
Project CN	093	Hannah Pink	Completed	2023-02-01	2023-04-30	98,000	98,000	0	100%	Project CN completed successfully.
Project CO	094	Ian Brown	In Progress	2023-05-01	2023-07-31	144,000	128,000	-16,000	89%	Project CO is currently in progress.
Project CP	095	Julia Green	On Hold	2023-08-01	2023-10-31	154,000	0	-154,000	0%	Project CP is currently on hold.
Project CQ	096	Kyle Blue	Planned	2023-11-01	2024-01-31	66,000	0	-66,000	0%	Project CQ is currently planned.
Project CR	097	Laura Grey	Completed	2023-01-01	2023-03-31	108,000	108,000	0	100%	Project CR completed successfully.
Project CS	098	Mark Black	In Progress	2023-03-01	2023-05-31	134,000	116,000	-18,000	87%	Project CS is currently in progress.
Project CT	099	Nancy Purple	On Hold	2023-06-01	2023-08-31	114,000	0	-114,000	0%	Project CT is currently on hold.
Project CU	100	Oscar Yellow	Planned	2023-09-01	2023-11-30	84,000	0	-84,000	0%	Project CU is currently planned.
Project CV	101	Pamela Pink	Completed	2023-02-01	2023-04-30	100,000	100,000	0	100%	Project CV completed successfully.
Project CW	102	Quinn Brown	In Progress	2023-05-01	2023-07-31	146,000	130,000	-16,000	90%	Project CW is currently in progress.
Project CX	103	Rachel Green	On Hold	2023-08-01	2023-10-31	156,000	0	-156,000	0%	Project CX is currently on hold.
Project CY	104	Samuel Blue	Planned	2023-11-01	2024-01-31	68,000	0	-68,000	0%	Project CY is currently planned.
Project CZ	105	Tina Grey	Completed	2023-01-01	2023-03-31	110,000	110,000	0	100%	Project CZ completed successfully.
Project DA	106	Uma Black	In Progress	2023-03-01	2023-05-31	136,000	118,000	-18,000	87%	Project DA is currently in progress.
Project DB	107	Victor Purple	On Hold	2023-06-01	2023-08-31	116,000	0	-116,000	0%	Project DB is currently on hold.
Project DC	108	Wendy Yellow	Planned	2023-09-01	2023-11-30	86,000	0	-86,000	0%	Project DC is currently planned.
Project DD	109	Xavier Pink	Completed	2023-02-01	2023-04-30	102,000	102,000	0	100%	Project DD completed

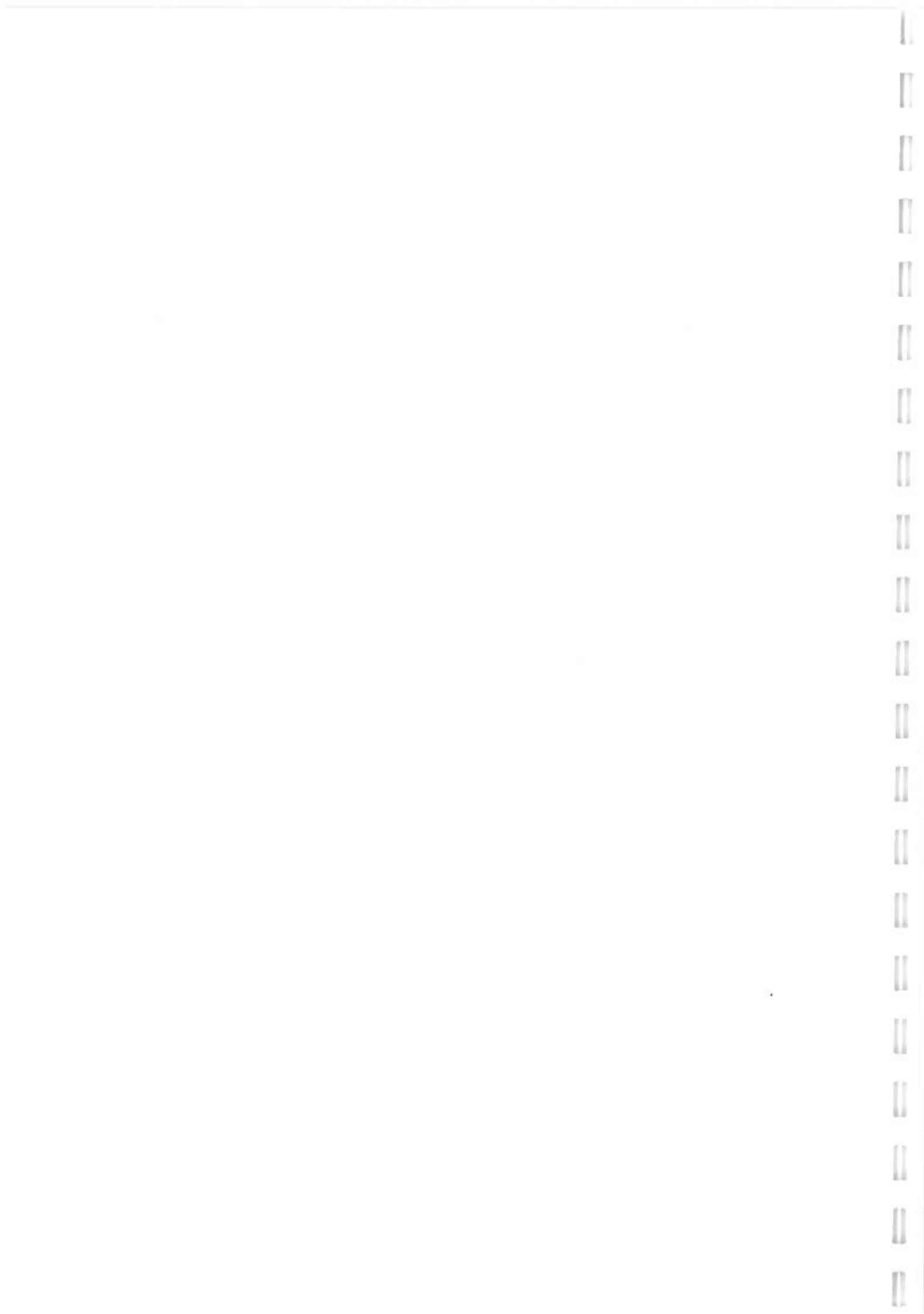
NC452 Ga-Segonyana - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand Parent municipality: List all capital projects grouped by Municipal Vote	1.2			Examples	Examples								
Entities: List all capital projects grouped by Municipal Entity													
Entity Name Project name													

References

1. List all projects with planned completion dates in current year that have been re-budgeted to the MTRF
2. Refer MFMA s30
3. As per Table SA34
4. Correct to seconds. Provide a logical starting point on networked infrastructure.

## 2.15 Municipal Manager Quality Certificate





# Ga-Segonyana

MUNISIPALITEIT • MUNICIPALITY • MASEPALA

Our Ref No.:  
Ons Verw. Nr.:  
Tshupelo ya rona:

Enquiries:  
Navrae:  
Dipatlisiso:

Cnr Voortrekker and School Streets  
Private Bag X 1522, **KURUMAN** 8460

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VAT Reg. no. 4890117197

## QUALITY CERTIFICATE

I **Gaeathloge Edward Ntefang**, Municipal Manager of **GA-SEGONYANA LOCAL MUNICIPALITY** (name of Municipality), hereby certify that the Draft Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Draft Budget and supporting documents are consistent with the integrated Development plan of the municipality.

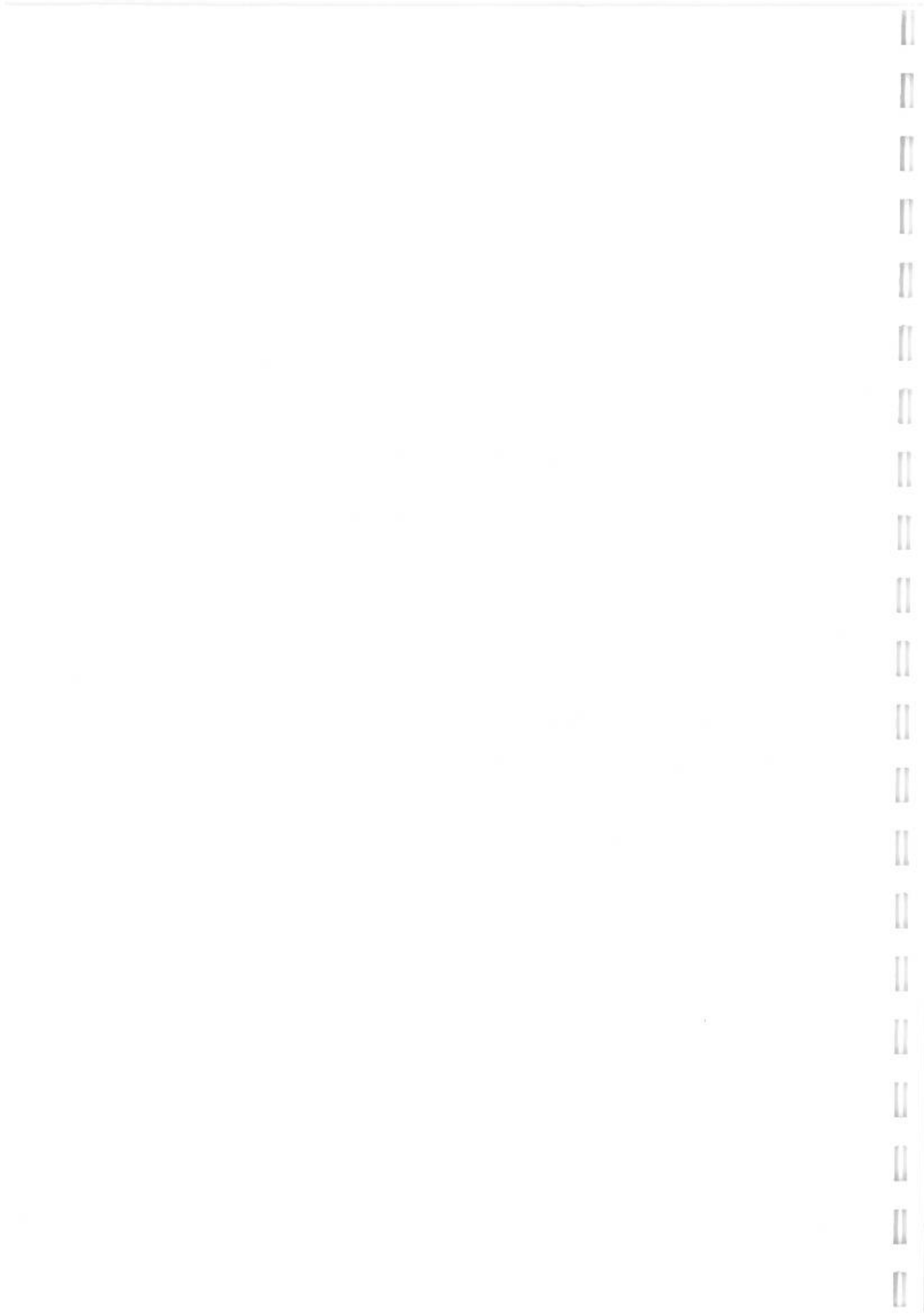
Print Name **Gaeathloge Edward Ntefang**

Municipal manager of **GA-SEGONYANA LOCAL MUNICIPALITY**

**NC 452** (Name and Demarcation code of municipality)

Signature

Date: 31 March 2016



# APPENDIX A





# GA-SEGONYANA LOCAL MUNICIPALITY

## SUBSIDY POLICY: INDIGENT HOUSEHOLDS

### 1. PREAMBLE

- 1.1 With reference to the Constitution in particular Chapter 7 Section 152, which states:

The objects of Local Government are –

- a) "to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment and
- e) to encourage the involvement of communities and community organisations in the matters of local government."

It is essential that the Municipality should strive within its financial and administrative capacity, to achieve the objectives quoted.

- 1.2 In its quest to achieve a constitutional mandate the Municipality finds itself having to deliver yet other related (but not necessarily constitutional per se) services and objectives. Amongst those is the issue of indigents and how they have to be catered for within the spirit of co-operative governance.

### 2. DEFINITIONS

**Indigents** are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be.

A **household** consists of one or more people who live in the same dwelling and also share at meals or living accommodation, and may consist of a single family.

**Free basic service** is defined as the minimum amount of basic levels of services, provided on a day to day basis, sufficient to cover or cater for the basic needs of the poor households

**Income** is defined as the amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

Any household with a total income equals to or less than R3 900 qualifies to be registered as indigent. Two state pensioners with a foster child or with two child support grants in a household do qualify.

A **pensioner** refers to individuals currently earning R1 505 or less. i.e Old age grant, disability grant, etc.

## **GA-SEGONYANA LOCAL MUNICIPALITY**

### **3. BUDGET FOR THE INDIGENT SUPPORT**

The Municipality accepts the principle of uniform tariff structures and that the equitable share is there to provide basic services but also accept the responsibility to ensure that the poor receive basic services by tailoring affordable tariffs.

The Municipality will utilise transparent cross-subsidies within and between services as well as equitable share allocations to enable poor households to gain access to at least basic services through tariffs that cover only operating and maintenance costs.

Indigent households qualify for exemption from assessment rate payment, refuse removal and sewerage basic charges and services but only upon registration as indigents.

### **4. REGISTERING INDIGENTS**

The following steps are used to register indigents and indigent households from time to time:

- 4.1 Accessible registration points identified by Council, which are made publicly known.
- 4.2 Completion of an official registration form by the indigents on which the onus lies to submit the form at the identified registration points.
- 4.3 The required documentation, i.e. proof of income/affidavit must be attached where applicable for example letter from employer, salary advice, pension card, UIF card.
- 4.4 The municipality relies on indigent committee for approvals and disapprovals

### **5. ADMINISTRATIVE PROCEDURES**

- 5.1 The indigent committee consisting of a Finance Director, Revenue manager, Free Basic Officer and ward councillors will approve the application and arrange the implementation of the indigent subsidy to the account holder.
- 5.2 The approval will be valid for a financial year, provided funds are available and the circumstances of the household are unchanged.
- 5.3 Indigent households where the Municipality is providing basic services will be obliged to apply any time during the financial year at the Municipality offices.
- 5.4 Indigent households where the Municipality is not providing basic services will be obliged to register any time during the financial year at the ward councillor's office.

## **GA-SEGONYANA LOCAL MUNICIPALITY**

- 5.5 The subsidy will not apply to households owning more than one property and receiving rental income that when is combined with other income of the family exceeds R3 900.

### **6. QUALIFICATION CRITERIA FOR THE SELECTION OF INDIGENTS**

- 6.1 Child headed households will be declared indigents upon reporting the death status of the parents at the Municipality. The following documents are required:
- 6.1.1 Certified copies of death certificates of parents or breadwinner
  - 6.1.2 Certified copies of identity documents of parents or breadwinner.
  - 5.5.2 An affidavit that states that the oldest child is responsible for other children.
  - 5.5.3 Outstanding debt as at date of death of the last parent should be written off as irrecoverable.
- 6.2 On site inspection may be performed by municipal officials
- 6.3 A person found to be indigent must be registered in a database linked to a debtors system after the application has been checked and authorised by a senior official in the debt collection department.
- 6.4 If the status of an indigent change, the Financial Manager should be immediately informed by the ward councillor.
- 6.5 Misusers of the system will be deregistered and be suspended for a period of three years when incorrect information was supplied.
- 6.6 The Municipality may impose other conditions and procedures deemed necessary from time to time.
- 6.7 The Council may from time to time appoint agents or use community development workers and ward committees to assist the Financial Manager on a yearly basis to determine by survey, which of the households could be classified as indigent.

### **7. MAXIMUM CONSUMPTION LEVELS FOR INDIGENTS**

- 7.1 To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following maximum consumption levels for indigent households per month.

Water consumption	6 kl.
Electricity consumption	50 kWh.
Refuse and sewerage	100% rebate on services and basic charge.

### **8. SUSPENSION OF SERVICES TO INDIGENT HOUSEHOLDS**

- 8.1 Services to classified indigent households must be suspended when indigents fail to pay for services consumed up and above determined levels which are not paid in full as levied on the monthly account.

## GA-SEGONYANA LOCAL MUNICIPALITY

- 8.2 Classified indigent consumers will be held responsible for services rendered and services will be suspended for any consumption up and above the subsidised levies per month as indicated below not paid for by the indigent household:

Electricity (50kWh)	R150.00	maximum
Water (6 kl)	R50.50	maximum
VAT	<u>R 28.07</u>	maximum
Total	<u>R278.57</u>	

- 8.3 If the subsidy is a lesser amount as indicated in 7.2 in accordance with the calculated equitable share allocation received from National Government per Indigent Household, the indigent consumer will be held responsible for services rendered. If the customer is always in arrears the municipality will install prepaid meters for electricity and water to control the debt.

### 9. INDIGENT EXIT PROGRAMME

Ward councillors are encouraged to inform individuals who have been on the indigent register for a long time to apply for contract workers positions and EPWP and LED projects to assist in poverty alleviation that will result in the indigent moving away from poverty trap.

### 10. COLLECTION OF OUTSTANDING ARREARS AMOUNTS

The conditions of the Debt Collection Policy and By-law will prevail for the collection of any arrears amount to be collected from an indigent household.

## 11. APPLICATION FORM

**GA-SEGONYANA MUNICIPALITY****Application Form for Household Indigence Subsidy**

In an effort to assist the needy population of Ga-Segonyana in the payment of municipal services for **Indigence Households**, the Municipal Council has agreed to a subsidy scheme whereby households **earning equal to or less than R3 900 per month** would have certain services fully or partially subsidized. If you feel that you do qualify, fill in the details of all the occupants of your household as at the date of this application, together with their respective gross monthly income in the space below (hand in the form personally at any Treasury pay point):

**PERSONAL PARTICULARS OF ALL OCCUPANTS EARNING AN INCOME**

Ward Number:		Stand number:		Municipal Account Number:		
				Prepaid Electricity Meter Number:		
Street Address:						
Identity Number	Initials	Surname	Employed (Yes/No)	Employer	Gross Monthly Income	Source of Income
1						
2						
3						
4						
5						
6						
7						

❖ **Note:** The applicant's name should be in the number one shaded space above.

**DECLARATION BY THE APPLICANT:**

I, the undersigned, who reside at the address indicated above and is the account holder, hereby apply for the Household Indigence Subsidy determined in relation to the income indicated above, and solemnly declare that:

- All particulars furnished in this form, including the total gross income of myself and all occupants of the premises, are to the best of my knowledge and belief, true and correct;
- If particulars furnished in this form should change for any reason, I will immediately notify the Council;
- I, or any other occupant, do not own any other property in the Republic of South Africa, apart from the property indicated on the account for which the application is made;
- I agree that Council Officials and/or the Social Worker may conduct an on-site audit to verify the information supplied on this declaration;
- I agree that the supply of water to my premises may be restricted by a flow control washer or any other method the Council may deem fit if the balance of my services is not paid in full at the cost of the account holder (applicant);
- **If you don't pay the previous month's Account you are going to forfeit the free basic services for the next month.**
- I am aware that I must be a South African citizen and older than 18 years (Child headed families younger than 18 years).
- If any information submitted should be found to be untrue, I would automatically be disqualified from receiving any subsidy, will be liable for the immediate repayment of any subsidy payments received, and may have criminal proceedings instituted against me as the Council may deem fit.

## GA-SEGONYANA LOCAL MUNICIPALITY

- **IMPORTANT:** To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following Free Basic consumption levels for indigent households per month:

**Water consumption: 6 kl**  
**100% free Refuse removal**

**Electricity consumption: 50 kWh**  
**100% free sanitation**

I am conversant with the contents of the declaration and understand it. I have no objection to taking this oath. I regard the Prescribed Oath as binding to my conscience.

Signature (Declarant): .....

Name

(Declarant):

I certify that the above declaration has been administered by me and that the declarant acknowledged that he/she is conversant with the contents and understands it. This declaration has been made upon oath and the declarant's signature has been applied in my presence on

(Date) ..... At (Venue) .....

(Commissioner of Oaths): ..... No: ..... Rank: .....



# APPENDIX B

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## **GA-SEGONYANA LOCAL MUNICIPALITY**

# **TARIFF POLICY**

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## **1. PREAMBLE**

The Ga-Segonyana Municipality's Tariff Policy must be compiled, adopted and implemented in terms of Section 74 of the Municipal Systems Act. This Policy provides levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements. In setting its annual tariffs, the Council shall at all time take due cognisance of the tariffs applicable elsewhere in the economic region and of the impact which its own tariffs may have on local economic development.

The Annexure to the policy is a Tariff Structure compiled in terms of Ga-Segonyana Municipality's Tariff Policy.

## **2. LEGISLATION**

The guiding principles used in developing the Ga-Segonyana Municipality Tariff Policy were sourced from the following legislation:

- The Constitution of the Republic South Africa Act, No. 108 of 1996.
- The Municipal Systems Act, No. 32 of 2000.
- The Municipal Finance Management Act, No. 56 of 2003.
- The Local Government Transition Act, No. 97 of 1996.
- The Local Authorities Ordinance, No. 25 of 1974.
- The Water Services Act, No. 108 of 1997.
- The Electricity Act, No. 41 of 1987.

## **3. OBJECTIVES**

The objectives of the Tariff Policy are to ensure the following:

- The tariffs of the Municipality conform to acceptable policy principles;
- Municipal services are financially sustainable;
- There is certainty in the Council, of how the tariffs will be determined;
- Tariffs of the Municipality comply with the applicable legislation; and
- Tariffs should take into consideration relief to the indigent.

#### **4. TARIFF POLICY PRINCIPLES**

A set of Principles to guide the Tariff Policy are as follows:

**4.1 Payment in Proportion to the amount consumed.**

Consumers should pay in a proportion to the amount of services consumed.

**4.2 Full Payment of service costs.**

All households, with the exception of the indigent, should pay the full cost of services consumed. (Refer to Indigent Policy)

**4.3 Ability to pay.**

Municipalities should develop a system of targeted subsidies to ensure that poor households have at least a minimum level of basic services. (Refer to Indigent Policy)

**4.4 Fairness.**

Tariff policies should be fair in that all people should be treated equitably.

**4.5 Transparency.**

Tariff policy should be transparent to all consumers and must be visible and understandable.

**4.6 Local determination of tariff levels.**

Municipality have the flexibility to develop their own tariffs in accordance with these principles.

**4.7 Consistent tariff enforcement.**

A consistent policy for dealing with non-payment of tariffs must be developed.

**4.8 Ensure Local Economic Competitiveness.**

Municipal tariff must not unduly burden the local business through higher tariffs, as these costs may affect the sustainability and competitiveness of such businesses.



These Tariff Policy Principles were incorporated into the Local Government Municipal Systems Act, No. 32 of 2000. In terms of Section 74(2) of the Local Government Municipal Systems Act, No. 32 of 2000, the Municipality's Tariff Policy must reflect at least the following principles, namely that:

- i. Users of municipal services should be treated equitably in the application of tariffs;
- ii. The amount individual users pay for services should generally be in proportion to their use of that service;
- iii. Poor households must have access to at least basic services through:
  - a. Tariff that cover only operating and maintenance costs;
  - b. Special or life line tariffs for low levels of use or consumption of services or for basic level of services; or
  - c. Any other direct or indirect method of subsidisation of tariffs for poor households.
- iv. Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges;
- v. Tariffs must be set at levels that facilitate the financial sustainability of the services, taking into account subsidisation from sources other than the services concerned. A service is financially sustainable when it is provided in a manner that would ensure its financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision;
- vi. Provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- vii. Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users; and
- viii. The economical, efficient and effective use of resources, the recycling of wastes and other appropriate environmental objectives must be encouraged.
- ix. The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

## **5. NEED FOR A TARIFF POLICY**

### **5.1 Revenue Adequacy and Certainty.**

The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must:

- i. Fully exploit the available sources of revenue to meet its development objectives; and
- ii. Be reasonably certain of its revenue to allow for realistic planning.

## 5.2 Sustainability.

Financial sustainability requires that the Municipality must ensure that its budget balances. This means that the Municipality must ensure that:

- i. Services are provided at affordable levels; and
- ii. It is able to recover the cost of service delivery.

The Municipality must set a realistic budget in order to prevent exceeding the budget or failing to establish a proper financial management controls.

The Municipality believes that all members of the community have the right to have access to at least a minimum level of basic services. Therefore, there is a need to subsidise poor households, who are unable to pay even a proportion of service costs.

## 5.3 Effectiveness and Efficient usage of Resources.

Resources are scarce and must be used in the best possible way to reap the maximum Benefit for the community. However, there are no mechanisms available to ensure that Municipality's decisions will ensure effective allocation of resources. It is therefore Important that the community provide the necessary checks and balances. They can do this by participating in the budget process. In addition, performance audits should Audits should be carried out by the office of the Auditor-General. Efficiencies in Spending and resource allocation will ultimately increase the access of the poor to basic services.

## 5.4 Accountability, Transparent and Good Governance.

The Municipality must be accountable to the community for the use of its resources. Councillors must be able to:

- i. Justify their expenditure decisions; and
- ii. Explain why and how the revenue necessary to sustain expenditure is raised.

Budget and the financial affairs of the Municipality must be open to public scrutiny. The community should be part of the decision-making process about how revenue is raised and spend. Community participation in budgeting should include those groups in the community, such as women, who face particular constraints in participating. It must also include a capacity-building component to ensure that people understand the prioritisation process (Why resources are allocated to one area rather than another).

## 5.5 Equity and Redistribution.

The Municipality must treat members of the community equitably with regard to the Provision of services.

## 5.6 Development and Investment.

Meeting basic needs in the context of existing services backlogs, will require increased Investment in municipal infrastructure.

## **6. IMPLEMENTATION OF TARIFF POLICY**

### 6.1 Free Basic Services

A basic service is a service that is necessary to ensure an acceptable and reasonable Quality of life and, if not provided, would endanger public health or safety of the environment. The Municipality will aim to achieve the goal of providing free basic services to poor households. Therefore, this Tariff Policy has been developed in conjunction with the Ga-Segonyana Municipality's Indigent Policy.

The specific services are:

- Electricity;
- Water;
- Sewerage; and
- Refuse Removal.

The Council is aware that it currently does not provide all these services to all residents within its municipal area. It is also aware that some of the services it currently provides in conjunction with the above-mentioned services may be transferred or assigned to other bodies. In the latter case, the Council commits to make representations and negotiate with those service providers to achieve its goal.

### 6.2 Affordable Tariffs

The Council is aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at affordable levels.

In order to ensure that tariffs remain affordable, the Council will ensure that:

- Services are delivered at an appropriate level;
- Efficiency improvement are actively pursued across the Municipality's operations;
- A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used;

To increase affordability for indigent persons, the Council will ensure that its equitable share of revenue raised nationally, will be used to subsidise a certain level of basic services for them.

### 6.3 Tariff Equality for Services and Property Rates

The Council believes that all residents and ratepayers must pay the same tariff for the same level and quality of service. However different categories of properties can have different tariffs.

### 6.4 Property Rates

Property Rates must be levied and is payable in respect of all ratable properties within the municipal jurisdiction area. The Council will ensure that all properties are valued in terms of the applicable legislation during the next financial year. The Tariffs for Property Rates will be reviewed at least once during every financial year and be used by the Municipality to perform its functions.

### 6.5 Payment for Services Rendered

The Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption of services, the Council intends to install metering system and also take into account the free service element.

### 6.6 Local Economic Development and Competitiveness

The Council will take care that the municipal account presented to local businesses are fair. To ensure fairness toward local business, the Council will, when it determines tariffs, take into account the desire:

- To promote local economic competitiveness; and
- To promote local economic development and growth.

The Municipality levy property rates on market related value and this include the land and building.

### 6.7 Service Delivery Sustainability

The Municipality must ensure that the services that it provides must be sustainable. The tariff for service must be sufficient to cover the cost of the initial capital expenditure and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

## 6.8 Tariff Determination

Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality and rates on properties. The Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above.

Immediately after the Council has determined or amended a tariff, the municipal manager must display it at all the offices of the Municipality as well as at such other places within the municipal area as may be determined. Any person who desire to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed.

If no objection is lodged within the period stated in the notice, the determination or amendment will come into operation on the date determined by the Council.

Where an objection is lodged, the Municipality will consider the objection. The Council may, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another on the date on which the determination or amendment will come into operation.

## **7. SOURCES OF REVENUE**

In terms of section 229 of the Constitution of the Republic of South Africa Act No.108 Of 1996, the Municipality may impose:

- i. Rates on Property and surcharges on fees for services provided by or on behalf of the Municipality; and
- ii. If authorised by National Legislation, other taxes, levies and duties appropriate to Local Government, but it may not impose income tax, value-added tax, general sales tax or customs duty.

The power of a Municipality to impose rates on property, surcharges on fees for services Provided by or on behalf of the Municipality, or other taxes, levies or duties:

- i. May not be exercised in a way that materially and unreasonably prejudices National Economic Policies, economic activities across municipal boundaries, or the National Mobility of goods, services, capital or labour; and
- ii. May be regulated by National Legislation.

In terms of section 4(1)(a) of the Local Government Municipal Systems Act, No. 32 of 2000, the Council may finance the affairs of the Municipality by:

- i. Charging fees for services; and
- ii. Imposing surcharges on fees, rates on property and to the extent authorised by National Legislation, other taxes, levies and duties.

The Municipality will establish appropriate mechanisms, procedures and processes to Ensure community participation in, amongst other things, the preparation of its budget.

The following provisions will be applicable:

- i. Rates can be paid in not less than 11 consecutive monthly instalments in a financial year if it cannot be paid in one lump sum;
- ii. The revenue of the Municipality consists of the rates, taxes, fees, charges, fines and other sums imposed or recoverable by or payable to the Council under any law;
- iii. Interest is charge equals to Prime Rate + 1%.
- iv. 10% Penalty fee is charged for services in arrears.

Section 16 of the Local Government Municipal Systems Act, No. 32 of 2000 requires the Municipality to establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its Budget.

Section 10G(a)(ii) of the Local Government Transition Act, No. 97 of 1996 authorises the Municipality to levy and recover, by resolution supported by a majority of the members of Council levies, fees, taxes and tariffs in respect of any function or services of the Municipality. It further authorises the Municipality, when it determines Property Rates, levies, fees, taxes and tariffs:

- i. Differentiate between different categories of users or property on such grounds as it may deem reasonable;
- ii. In respect of services charges from time to time by resolution, amend or withdraw such determination, amendment or withdrawals will come into operation;
- iii. Advertise on notice boards calling for objections; and
- iv. Recover any charges so determined or amended, including interest on any outstanding amount.

## **8. TARIFF STRATEGY**

The Council's strategy is to recover the full financial cost of rendering the services required By the community from the community, including the cost of capital:

- i. The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
- ii. The second point will be to ensure a sustainable service delivery based on the set service levels; and
- iii. The third point will be the upgrade of services to higher levels in accordance with the affordability of the community and the ability to render the upgraded services in a sustainable manner.

### **8.1 Recovery of Cost.**

Resource management expenditure is those activities that are required to regulate, manage and maintain the services.



## 8.2 Capital Costs (Depreciation).

Capital cost expenditure is the Council's obligation to meet the repayment on loans negotiated to finance the provision of the service.

## 8.3 Maintenance Costs.

These are normal running costs to maintain the services at the established level of service provision.

## 8.4 Consumption/Usage.

In the case of measurable services, the actual cost of usage of the services is easily determined.

## 8.5 Cost of Immeasurable Services

These services are normally community and subsidised services and the cost will be recoverable through a rating policy as determined from time to time. Recovery of costs will therefore be equalised over the total area of jurisdiction of the Council and the principle of collective payment will apply.

# 9. CLASSIFICATION OF SERVICES

Traditionally, municipal services have been classified into four groups based on how they are financed. The four groups are as follows:

## 9.1 Trading Services.

Water and electricity provision are trading services. Typically the consumption of a Trading services is measurable and can be apportioned to an individual consumer. These Services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidise the tariff of non-trading services, in other words to relieve property rates.

## 9.2 Economical Services.

Sewerage and domestic household removal are economic services. The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. Whilst they are also managed like businesses, the tariffs for these services are normally determined in such a way that user charges cover the cost of providing the service.



### 9.3 Subsidised Services.

Subsidised services include fire fighting, approving building plans and the construction of Buildings, leasing of municipal facilities, selling of burial sites and certain town planning Functions. Subsidised services are those services the consumption of which can be Determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs of using this service were based on its real cost, nobody would be Able to afford it. In most cases not only would the consumer benefit from using the Service, but also other persons. A user charge is payable for using the service, but the Tariff is much lower than the real cost of providing the service.

### 9.4 Community Services

Community services are those services the consumption of which cannot be determined nor apportioned to individual consumers. These services are typically financed through finance rates. Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, the establishment, management and maintenance of cemeteries and traffic regulation.

The Municipality also provides services in support of the above-mentioned services. These are called staff functions and include committee services, records and archives, Financial management accounting and stores, occupational health and human resources Management. These services are financed through property rates.

## **10. CATEGORIES OF USERS**

The tariff structure of the Ga-Segonyana Municipality will make provision for the Following categories of users:

- i. Domestic;
- ii. Commercial;
- iii. Industrial;
- iv. Agricultural;
- v. Rural;
- vi. Municipal Services; and
- vii. Special agreement for users not falling in any of the above-mentioned categories.

## **11. TARIFF CHARGES**

### 11.1 Property Taxation

The major source of local taxation is the property tax (property rates). The owners of property in municipal area have to pay a tax based on a valuation of their properties in order to finance certain municipal services. While this tax is by no means the sole source of municipal revenue, it is an important source of discretionary revenue for the Municipality and enables it to function effectively. For details of property taxation refer

to the Property Rates Policy of the Ga-Segonyana Municipality.

## 11.2 Services Charges

An important source of local own revenue is charges that are directly related to the provision of municipal services. The majority of these are utility charges, such as electricity and water which have contributed significantly to the growth of Municipalities' Revenue. Cost recovery is an essential part of sustainable service delivery. In adopting What is fundamentally a two-part tariff structure, namely a fixed availability charge Coupled with a charge based on consumption, the municipality believes that it is properly Attending to the demands which both future expansion and variable demand cycles and Other fluctuations will make on service delivery.

### 11.2.1 Electricity

The various categories of electricity consumers, as set out below, shall be charged at the Applicable tariffs, as approved by the Council in each annual budget. Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter.

Categories of consumption and charges shall be as follows:

- i. All electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- ii. All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive free the first 50kWh of electricity consumed per month.

### 11.2.2 Water

The categories of water consumers as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be Effective from 1 July each year.

Categories of consumption and charges shall be as follows:

- i. All domestic water consumers registered as indigents with the municipality shall receive free the first 6 kl of water consumed per month. Thereafter normal tariff charge per consumption will apply.
- ii. All other domestic consumers shall be charged for actual water consumption.
- iii. All other consumers, including businesses, industries and institutional consumers shall pay the same single tariff per kl, irrespective of the volume of water consumed.

### 11.2.3 Refuse Removal

The categories of refuse removal users as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be Effective from 1 July each year.

Fixed monthly charge based on the costs of the services shall be charged for domestic users based on the 1 x removal per week.

Fixed monthly charge based on the costs of the services shall be charged for business users per holder 1 to 5 x removal per week.

Availability charge based on removals per week shall be charged for residential and business.

Availability charge based on the properties which are not connected to the main service Which may in the opinion of the Municipality be provided with necessary service.

#### 11.2.4 Sewerage

The categories of sewerage users as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be effective from 1 July each year.

A basic charge per month shall be charged for all consumers excluding rebate consumers.

Fixed monthly charge based on the costs of the services shall be charged for domestic users per sewer/toilet .

Fixed monthly charge based on the costs of the services per sewer point/toilet shall be charged to all businesses, industries and institutional users.

Fixed monthly charge based on the costs of the services per sewer point/toilet shall be charged to the municipality department users.

Availability charge based on the properties which are not connected to the main service Which may in the opinion of the Municipality be provided with necessary service.

#### 11.2.5 Suction Services

A basic charge per month to be levied with the exception that no charge will be levied In the event that a suction services was rendered in a particular month.

Suction services during normal working hours will be:

- Suction cost per kilolitre; plus
- Transport charges = Cost + 20% per kilometre

#### 11.2.6 Consumer Deposits

Consumer Deposit on services will be charged on all residential and business properties.

Note that the new consumers blacklisted at Credit Bureau will be liable for 2 x applicable Deposit excluding Indigent Households.

#### 11.2.7 Prepaid

Tariffs for pre-paid meters shall be the same as the ordinary consumption tariffs levied On the category of consumer concerned, but no availability charge shall be levied on properties where pre-paid meters have been installed.

No basic charge per meter installed is billed/levied to on properties.

### 11.3 Sundries

The following services shall be considered as economic services, and the tariffs levied shall cover 100% of the budgeted annual operating expenses of the service concerned:

- i. Maintenance of graves.
- ii. Building Plan fees.
- iii. New connection fees for electricity, water and sewerage.
- iv. Photostat copies and fees.

The following services shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- i. Advertising sign fees.
- ii. Sale of graves.
- iii. Disconnection and reconnection fees for electricity and water.
- iv. Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- v. Penalty charges on outstanding services account for submission of dishonoured cheques.

## **12. RESPONSIBILITY AND ACCOUNTABILITY**

The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy. The Municipal Manager or delegated official(s) by the Municipal Manager have the responsibility to ensure that the Tariff Policy is in place and that it is effectively implemented.

**TARIFF(RATES AND TAXES) 2015/16**

Note: The percentage increases are on average 6%

(rounded off where applicable) excluding electricity:- (1) Block 1 at 6% increase;  
all other electricity tariffs at 9.4%

**1. MUNICIPAL SERVICES****1.1 ASSESSMENT RATES  
ZERO RATED VAT**

1.1.1 Market Value			
Households	0.005956	0.006301	0.006667
Business	0.010079	0.010664	0.011283
Guesthouses and mutluuse (i.e. surgery, tuckshop etc)	0.008018	0.008483	0.008975
Agriculture	0.000299	0.000316	0.000335
State Owned Property	0.018436	0.019505	0.020636
Indigent households qualify for exemption but only upon registration as indigents.			
Residential households qualify for R25,000.00 exemption on the value of the property.			

**1.2 ELECTRICITY TARIFFS - MONTHLY CHARGES  
VAT EXCLUDED(BUT PAYABLE)****1.2.1 PROPERTIES USED FOR RESIDENTIAL PURPOSES AND SCHOOL HOSTELS**

Indigent Households with an income < R3,900.00	0 - 50	R 0.00	R 0.00	R 0.00
1.2.1.1 Lifeline (Cut off 400kWh and Rebate Users)	0 - 50	84c	87c	92c
	51 - 350	R 1.07	R 1.13	R 1.20
	351 - 600	R 1.41	R 1.49	R 1.58

or

1.2.1.2 Basic Charge		R 100.03	R 105.33	R 111.44
Usage per kWh	0 - 50	84c	87c	92c
	51 - 350	R 1.07	R 1.13	R 1.20
Usage per kWh	351 - 600	R 1.47	R 1.55	R 1.64
	>600	R 1.53	R 1.62	R 1.71

Prepaid per kWh usage

Indigent Households with an income < R3,680.00	0 - 50	R 0.00	R 0.00	R 0.00
	0 - 50	84c	87c	92c
	51 - 350	R 1.07	R 1.13	R 1.20
	351 - 600	R 1.47	R 1.55	R 1.64
Prepaid per kWh usage(>600)	>600	R 1.53	R 1.62	R 1.71

**1.2.2 BUSINESSES (1-39kWh)**

Basic Charge	R 476.21	R 503.82	R 533.05
Usage per kWh	R 1.29	R 1.37	R 1.45
or			
Prepaid per kWh usage	R 1.83	R 1.93	R 2.05

**1.2.3 GUEST HOUSES AND MUTLUUSE (SURGERY, TUCKSHOP ETC)**

Basic Charge	R 288.12	R 304.83	R 322.51
Usage per kWh	R 1.22	R 1.29	R 1.37
or			
Prepaid per kWh usage	R 1.53	R 1.62	R 1.71

**1.2.4 BULK USERS (40-69KVA)**

Basic Charge	R 640.59	R 678.38	R 717.73
Usage per KVA	R 196.22	R 220.16	R 232.93
Usage per kWh	92c	97c	R 1.03
OR AFTER PEAK HOURS			
Basic Charge	R 633.34	R 670.07	R 708.94
Usage per KVA	R 196.22	R 207.60	R 219.64
Usage per kWh	92c	97c	R 1.03

NOTE: A minimum KVA charge is payable based on 40 KVA/Month

## 1.2.5 BULK USERS ( 70 KVA AND MORE)

Basic Charge	R 1,840.91	R 1,968.85	R 2,083.04
Usage per KVA	R 219.75	R 246.56	R 260.86
Usage per kWh or after peak hours	67c	71c	75c
Basic Charge	R 2,700.70	R 2,857.34	R 3,023.07
Usage per KVA	R 219.75	R 232.50	R 245.98
Usage per kWh	67c	71c	75c

## 1.2.6 BULK USERS 2 ( 70 KVA AND MORE)

Transformer supplied by the Municipality

Basic Charge	R 2,700.70	R 2,857.34	R 3,023.07
Usage per KVA	R 219.75	R 232.50	R 245.98
Usage per kWh or after peak hours	95c	R 100.74	R 106.58
Basic Charge	R 2,700.70	R 2,857.34	R 3,023.07
Usage per KVA	R 219.75	R 232.50	R 245.98
Usage per kWh	95c	R 100.74	R 106.58

## 1.2.7 Schools, show grounds, departmental users,

non-profit organisations old age homes, churches,  
sport facilities per kWh usage

R 1.74      R 1.84      R 1.95

## 1.2.8 Load Control - Refusal to install

Plus surcharge on kWh tariff

R 0.23      R 0.25      R 0.26

1.2.9 Availability charge: This fee is payable in respect of  
any property that is not connected to the Main  
Service which may in the opinion of the Municipality  
be provided with the necessary service.

R 263.99      R 279.30      R 295.50

## 1.2.10 Shifting of Prepaid meters

R 2,853.77      R 3,019.29      R 3,194.41

## 1.2.11 Reverting back from prepaid power to conventional metered power

R 2,853.77      R 3,019.29      R 3,194.41

## 1.2.12 Temporary meters (220v 3-phase mainstream breaker - 80amps)

R 782.29      R 827.66      R 875.67

1.3. WATER SERVICES - EXCLUDING VAT(BUT PAYABLE) - MONTHLY CHARGES  
VAT EXCLUDED(BUT PAYABLE)

## 1.3.1 Indigent Households with an income &lt; R3,900.00

0kl - 6kl	R 0.00	R 0.00	R 0.00
7kl-12kl	R 8.67	R 9.18	R 9.71
13kl-35kl	R 8.92	R 9.44	R 9.99
36kl>	R 9.01	R 9.53	R 10.08

## 1.3.2 RESIDENTIAL PROPERTIES

0kl - 12kl	R 8.67	R 9.18	R 9.71
13kl-35kl	R 8.92	R 9.44	R 9.99
36kl>	R 9.01	R 9.53	R 10.08

SEDIBENG AREAS (HOUSEHOLDS ONLY)

R 5.83      R 6.17      R 6.53

## 1.3.3 NON-PROFIT ORGANISATION

0kl - 12kl	R 8.67	R 9.18	R 9.71
13kl-35kl	R 8.92	R 9.44	R 9.99
36kl>	R 9.01	R 9.53	R 10.08

## 1.3.4 GUEST HOUSES AND MUTLIUSE (SURGERY, TUCKSHOP ETC)

Basic Charge

R 25.00      R 26.45      R 27.98

Per kiloliter usage

R 10.00      R 10.58      R 11.19

**TARIFF SCHEDULE 2016/17 FINANCIAL YEAR**

	2016/17	2017/18	2018/19
<b>1.3.4 ALL OTHER PROPERTIES NOT DEFINED ABOVE (BUSINESS AND GOVERNMENT BUILDINGS)</b>			
Basic Charge	R 51.79	R 54.80	R 57.97
Per kiloliter usage	R 14.96	R 15.83	R 16.75
Bulk water purchases (Commercial)	R 35.01	R 37.04	R 39.19
<b>1.3.5 SEWER WATER IRRIGATION</b>	R 175.69	R 185.88	R 196.66
Filling of swimmingpool + VAT	R 401.52	R 424.81	R 449.45
Swimming pool draining	R 520.98	R 551.19	R 583.16
<b>1.4. DOMESTIC REFUSE - MONTHLY CHARGES VAT EXCLUDED</b>			
<b>1.4.1 Residential - 1 x removal/week</b>			
R0 - R3 900	R 0.00	R 0.00	R 0.00
> R3 900	R 93.13	R 98.53	R 104.25
<b>1.4.3 GARDEN (RESIDENTIAL) REFUSE</b>			
1. Removal (with 14 days notice) (If dumped in dumping site by resident) (If dumped outside property a fine of R500.00 may be levied) (On open sites, the owner will be penalized R150.00)	R 253.87	R 268.60	R 284.17
<b>1.4.4 BUSINESSES</b>			
Per holder 1 to 5 x removals per week	R 190.29	R 201.33	R 213.01
<b>AVAILABILITY CHARGES(RESIDENTIAL AND BUSINESS)</b>			
1 x removal per week	R 144.73	R 153.13	R 162.01
2 x removal per week	R 257.68	R 272.62	R 288.43
3 x or more removals per week	R 383.38	R 405.62	R 429.14
This fee is payable in respect of any property that is not connected to the main service which may in the opinion of the Municipality be provided with the necessary service.			
<b>NOTE:</b> The Community Service Department provides the information for the quantity removals per week and on which the tariff is established.			
<b>1.5. SEWERAGE SERVICES - MONTHLY CHARGES VAT EXCLUDED(BUT PAYABLE)</b>			
<b>1.5.1 Basic charge: All consumers excluding rebate consumers</b>	R 71.75	R 76	R 80
<b>1.5.2 ADDITIONAL CHARGES ( i.e.number of toilets)</b>			
<b>1.5.2.1 RESIDENTIAL (Including Businesses on Residential Properties, Flats)</b>			
1 Toilet	R 49.14	R 51.99	R 55.01
2 Toilets	R 98.28	R 103.98	R 110.01
3 Toilets and more	R 114.62	R 121.27	R 128.30
20% Rebate Consumers fixed	R 65.71	R 69.52	R 73.55
40% Rebate Consumers fixed	R 59.21	R 62.65	R 66.28



**TARIFF SCHEDULE 2016/17 FINANCIAL YEAR**

		2016/17	2017/18	2018/19
<b>1.5.2.2 OTHER PER TOILET</b>				
Non profitable		R 19.87	R 21.03	R 22.25
Churches and old age homes		R 19.87	R 21.03	R 22.25
Schools and school hostels		R 19.87	R 21.03	R 22.25
Hotels, prison and hospital		R 194.10	R 205.35	R 217.27
Businesses and industries		R 194.10	R 205.35	R 217.27
Departmental		R 114.62	R 121.27	R 128.30
<b>1.5.3 AVAILABILITY CHARGES</b>				
		R 181.00	R 191.50	R 202.61
This fee is payable in respect of any property that is not connected to the main service which may in the opinion of the Municipality be provided with the necessary service.				
<b>1.6. SUCTION SERVICES (SEWERAGE) - MONTHLY CHARGES</b>				
<b>VAT EXCLUDED</b>				
<b>1.6.1 Basic charge per month to be levied with the exception that no charge will be levied in the event that a suction service was rendered in a particular month.</b>				
		R 76.12	R 80.53	R 85.20
<b>1.6.2 SUCTION SERVICES:</b>				
Gasegonyana area per kiloliter		R 44.83	R 47.43	R 50.18
Transport per km	(Empty )	R 2.97	R 3.14	R 3.32
	(Loaded)	R 3.58	R 3.79	R 4.01
<b>OUTSIDE GASEGONYANA AREA</b>				
Per kiloliter		R 45.22	R 47.85	R 50.62
Transport per km	(Empty )	R 5.99	R 6.34	R 6.70
	(Loaded)	R 8.40	R 8.88	R 9.40
Dumping at Sewer Plant (per load)		R 783.55	R 829.00	R 877.08
<b>1.7 CONSUMER DEPOSITS</b>				
<b>VAT NOT LEVIABLE</b>				
<b>1.7.1 Residential Properties:</b>				
	Kuruman	R 3,049.36	R 3,226.22	R 3,413.34
	Wrenchville	R 3,049.36	R 3,226.22	R 3,413.34
	Mothibstad	R 1,000.00	R 1,058.00	R 1,119.36
	Bankhara-Bodulong	R 500.00	R 529.00	R 559.68
	All Indigent Households	R 403.42	R 426.82	R 451.57
	Households pre-paid metering	R 1,495.02	R 1,581.73	R 1,673.47
<b>1.7.2 Business Properties:</b>				
	Kuruman	R 3,737.54	R 3,954.32	R 4,183.67
	Wrenchville	R 2,242.53	R 2,372.59	R 2,510.20
	Mothibstad	R 2,242.53	R 2,372.59	R 2,510.20
	Bankhara-Bodulong	R 2,242.53	R 2,372.59	R 2,510.20
	Pre-paid Metering	R 1,791.65	R 1,895.56	R 2,005.51
	180+ amp Users	R 4,663.03	R 4,933.49	R 5,219.63
<b>NOTE: New Consumers blacklisted at Credit Bureau:</b>				
Applicable deposit x 2.0 excluding registered indigent Households				
<b>1.8 CONNECTION FEES CONSUMER SERVICES</b>				
<b>VAT EXCLUDED</b>				
Electricity		R 186.49	R 197.30	R 208.75
Water		R 186.49	R 197.30	R 208.75
A 50% rebate is allowed for all registered indigent households (R3,900.00)				
NEW CONNECTIONS for water, electricity and sewerage				
VAT Excluded but payable				
<b>1.9 METER TESTING</b>				
<b>VAT EXCLUDED BUT PAYABLE</b>				
Electricity Installation Safety		R 508.53	R 538.02	R 569.22
Water or Electricity Meters		R 508.53	R 538.02	R 569.22
<b>1.10 INVESTIGATION OF COMPLAINTS</b>				
<b>VAT EXCLUDED BUT PAYABLE</b>				
Normal working hours		R 389.87	R 412.49	R 436.41
After hours		R 508.53	R 538.02	R 569.22
<b>1.11 TAMPERING FEE (METERS)</b>				
Penalty: Households		R 2,990.03	R 3,163.46	R 3,346.94
: Business		R 7,475.09	R 7,908.64	R 8,367.34
: Industrial		R 11,212.63	R 11,862.96	R 12,551.01
Plus: Average must be determined				
Plus: Cost of replacing the meter				

**1.12 COMPUTER PRINT OUT PER PAGE**  
**VAT EXCLUDED**

Per page	R 3.47	R 3.67	R 3.88
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**1.13 DEBT COLLECTION ADMINISTRATION**
**1.13.1 VAT EXCLUDED(BUT PAYABLE)**

1.13.2 Administration cost per record per month	R 42.42	R 44.88	R 47.49
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**Default/non-payment of accounts:**

Telephone notice	R 59.32	R 62.76	R 66.40
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Written final notice	R 93.24	R 98.65	R 104.37
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Re-connection of services - Households	R 448.30	R 474.31	R 501.82
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1.14 Re-connection of services -Businesses	R 747.17	R 790.51	R 836.36
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**COLLECTION COSTS**

Final notice posted or delivered	R 93.24	R 98.65	R 104.37
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Summons: Revenue stamp

Sheriff fees

Advertisements

1.15 Judgement notice to debtor	R 93.24	R 98.65	R 104.37
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**2. COMMUNITY FACILITIES**
**2.1 MUNICIPAL BUILDINGS**
**VAT INCLUDED - RENTAL PER OCCASION**
**2.1.1 TOWN HALL AND CIVIC CENTRE:**

Morning until 12:00	R 2,794.37	R 2,956.44	R 3,127.92
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12:00 until 18:00	R 2,794.37	R 2,956.44	R 3,127.92
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18:00 until 24:00	R 2,794.37	R 2,956.44	R 3,127.92
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Whole day and evening until 24:00	R 2,794.37	R 2,956.44	R 3,127.92
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Kitchen amenities	R 936.90	R 991.24	R 1,048.74
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Deposit	R 3,731.27	R 3,947.69	R 4,176.65
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Entertainment events - 2 x Deposit	R 7,462.55	R 7,895.38	R 8,353.31
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10% Discount where there is an entrance fee for Charitable occasions.

## TARIFF SCHEDULE 2016/17 FINANCIAL YEAR

2016/17      2017/18      2018/19

## 2.1.1.1 OTHER FACILITIES AT CIVIC CENTRE

Use of braai facilities	R 936.90	R 991.24	R 1,048.74
Use of kitchen facilities	R 936.90	R 991.24	R 1,048.74
Deposit on kitchen equipment	R 1,856.91	R 1,964.61	R 2,078.55

## 2.1.1.2 DEPOSIT PER OCCASION

Where no entrance fees are charged by organisation in 7.1, for example training groups schools and churches, meetings sport clubs/schools/churches/charity organisations/agricultural unions/pauper burial services:

Rental per occasion	R 821.83	R 869.50	R 919.93
Deposit per occasion	R 936.90	R 991.24	R 1,048.74

## 2.1.1.3 Rental of halls by government departments and unions

Rental per occasion	R 950.00	R 1,005.10	R 1,063.40
Deposit per occasion	R 1,315.02	R 1,391.30	R 1,471.99

## 2.1.1.4 Rental of halls by government departments, unions for meetings and schools for the purpose of writing examinations, per occasion.

R 950.00	R 1,005.10	R 1,063.40
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## 2.1.2 LIBRARY HALL PER OCCASION

Rental	R 500.00	R 529.00	R 559.68
Deposit	R 300.00	R 317.40	R 335.81

10% Discount for Charitable groups.

## 2.1.3 Rental of TABLES AND CHAIRS (charitable and church organisation):

Per table	R 111.77	R 118.26	R 125.11
Deposit per table	R 149.55	R 158.22	R 167.40
Per chair	R 5.93	R 6.28	R 6.64
Deposit per chair	R 9.85	R 10.42	R 11.02
Transport per km	R 3.81	R 4.03	R 4.26

## 2.1.4 COMMUNITY HALLS

Rental	R 378.01	R 399.93	R 423.13
Deposit	R 936.90	R 991.24	R 1,048.74
Use of kitchen facilities	R 188.68	R 199.62	R 211.20
Entertainment events - 2 x Deposit	R 500.00	R 529.00	R 559.68

## 2.1.5 RENTAL HOSTELS

Rental - smaller room	R 1,060.00	R 1,121.48	R 1,186.53
Rental - small room	R 1,272.00	R 1,345.78	R 1,423.83
Rental - medium room	R 1,590.00	R 1,682.22	R 1,779.79

## 2.1.6 DEPOSIT HOSTELS

Deposit - smaller rooms	R 1,119.36	R 1,184.28	R 1,252.97
Deposit - small room	R 1,343.23	R 1,421.14	R 1,503.57
Deposit - medium room	R 2,014.85	R 2,131.71	R 2,255.35

## 2.1.7 TRANSNET SITE

Cost per square meter	R 37.33	R 39.50	R 41.79
Minimum charge	R 941.14	R 995.73	R 1,053.48

## 2.2 SPORTS GROUND

## VAT INCLUDED - RENTAL PER OCCASION

## 2.2.1 Mothibi, W/Ville, Battharos, B/Bodulong, Gantatelang and Gamopezi

Friendly games: Rental	R 223.87	R 236.86	R 250.59
Deposit	R 223.87	R 236.86	R 250.59
Outside teams: Rental	R 1,000.00	R 1,058.00	R 1,119.36
Deposit	R 1,000.00	R 1,058.00	R 1,119.36
Betting games (Tournaments): Rental	R 895.49	R 947.43	R 1,002.38
Deposit	R 895.49	R 947.43	R 1,002.38
Festivals and Bashes: Rental	R 5,037.12	R 5,329.27	R 5,638.37
Deposit	R 8,395.20	R 8,882.12	R 9,397.28
Developmental games (Schools, Charities, Sports and culture programmes): Rental	R 391.78	R 414.50	R 438.54
: Deposit	R 391.78	R 414.50	R 438.54

## 2.3

## 2.3.1 GRAVE YARD

## VAT INCLUDED - LEVIES PER OCCASION

2.3.2 A 50% rebate is allowed for state pensioners, medical disabled persons and households who only receive a child grant.

2.3.3 Graves of no charge is delegated to Municipal Manager for approval and report back to Council.

2.3.4 A rebate of R50,00 is allowed for private persons who dig graves themselves.

## 2.3.4.1 GRAVES FEES

## 2.3.4.2 RESIDENTS OF GA-SEGONYANA

Applicable in accordance with the following set conditions namely, proof of income of household must be submitted with reservation and payment of grave and death certificate to establish age of the deceased.

2.3.4.3 Income R0 - R3,900	0 - 5 years	R 130.58	R 138.15	R 146.16
	6 - 13 years of age	R 208.87	R 220.99	R 233.80
	14 years and older	R 261.15	R 276.30	R 292.32
	Double graves	R 384.05	R 406.32	R 429.89
	Deeper graves	R 353.32	R 373.82	R 395.50
2.3.4.4 Income R3,901 - R5,000:	0 - 5 years	R 261.15	R 276.30	R 292.32
	6 - 13 years of age	R 353.32	R 373.82	R 395.50
	14 years and older	R 430.11	R 455.06	R 481.45
	Double graves	R 614.48	R 650.12	R 687.82
	Deeper graves	R 368.72	R 390.10	R 412.73
2.3.4.5 Income R5,001 - R6,500:	0 - 5 years	R 353.32	R 373.82	R 395.50
	6 - 13 years of age	R 476.18	R 503.79	R 533.01
	14 years and older	R 614.48	R 650.12	R 687.82
	Double graves	R 1,152.14	R 1,218.97	R 1,289.67
	Deeper graves	R 921.68	R 975.14	R 1,031.70
2.3.4.6 Income R6,501 - R8,500:	0 - 5 years	R 384.05	R 406.32	R 429.89
	6 - 13 years of age	R 614.48	R 650.12	R 687.82
	14 years and older	R 691.32	R 731.41	R 773.84
	Double graves	R 1,228.95	R 1,300.22	R 1,375.64
	Deeper graves	R 998.52	R 1,056.44	R 1,117.71
2.3.4.7 Income R8,501 and higher:	0 - 5 years	R 614.48	R 650.12	R 687.82
	6 - 13 years of age	R 691.32	R 731.41	R 773.84
	14 years and older	R 814.22	R 861.45	R 911.41
	Double graves	R 1,536.21	R 1,625.31	R 1,719.58
	Deeper graves	R 1,075.37	R 1,137.74	R 1,203.73
Berm system and build out of graves		R 3,656.17	R 3,868.22	R 4,092.58
2.3.4.9 NON-RESIDENTS	0 - 12 years of age	R 952.46	R 1,007.71	R 1,066.15
	13 years and older	R 1,259.68	R 1,332.74	R 1,410.04
	Double graves	R 1,566.88	R 1,657.76	R 1,753.91
2.3.4.9 Berm system and build out of graves		R 4,885.11	R 5,168.45	R 5,468.22

**2.4 CARAVAN PARK****VAT INCLUDED**

2.4.1 Pensioners above the age of 60 years qualify for a rebate of 10% on all tariffs.

## 2.4.2 OVERNIGHT TARIFFS:

4 bed Exclusive Chalet	R 768.10	R 812.65	R 859.79
3 bed Chalet	R 642.40	R 679.66	R 719.08
Single room	R 399.39	R 422.55	R 447.06
Encampment per caravan or tent	R 184.36	R 195.05	R 206.36

Organised caravan clubs, 5 caravans or more per caravan	R 184.36	R 195.05	R 206.36
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Block reservations, excluding exclusive chalet per Chalet:

4 Bed	R 537.68	R 568.87	R 601.86
3 Bed	R 414.78	R 438.84	R 464.29

## 2.4.3 DEPOSIT:

Per Chalet	R 430.17	R 455.12	R 481.52
Per Room	R 261.15	R 276.30	R 292.32

**2.5 NATURE RESERVE****VAT INCLUDED - ENTRANCE FEE**

Organised school children (per child)	R 5.60	R 5.92	R 6.26
Children	R 11.19	R 11.84	R 12.53
Adult	R 22.39	R 23.69	R 25.06
Vehicle	R 33.58	R 35.53	R 37.59
Bus	R 111.94	R 118.43	R 125.30

**2.6 THE EYE****VAT INCLUDED - ENTRANCE FEE**

Organised school children (per child)	R 5.60	R 5.92	R 6.26
School Children	R 11.19	R 11.84	R 12.53
Adults	R 22.39	R 23.69	R 25.06
Wedding per group of 20	R 335.81	R 355.28	R 375.89

**2.7 SWIMMING BATHS****VAT INCLUDED - ENTRANCE FEE**

Children	R 11.19	R 11.84	R 12.53
Adults	R 22.39	R 23.69	R 25.06
Supervisors	R 11.19	R 11.84	R 12.53

**2.8 ENCROACHMENT****VAT INCLUDED**

Fees	R 114.29	R 120.92	R 127.93
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**2.9 ILLEGAL LAND USE****VAT INCLUDED**

With minimum penalty of	R 18,639.81	R 19,720.92	R 20,864.73
With maximum penalty of	R 55,935.87	R 59,180.16	R 62,612.60
Depends on size of stand.			

**2.10 TRADE LICENCES****VAT INCLUDED**

Per Licence	R 55.97	R 59.21	R 62.65
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**2.11 HAWKERS LICENCES****VAT INCLUDED**

Sidewalks	R 55.97	R 59.21	R 62.65
Those who need services	R 3,805.82	R 4,026.56	R 4,260.10
<b>Administration fees:</b>			
Trade licences	R 167.90	R 177.64	R 187.95
Hawkers licences	R 55.97	R 59.21	R 62.65
Established businesses [New]	R 279.84	R 296.07	R 313.24

**2.12 ILLEGAL LOGGING AT TUCKSHOPS & SHOPS****VAT INCLUDED**

Penalty	R 3,731.27	R 3,947.69	R 4,176.65
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**2.13 LIBRARY****VAT INCLUDED**

Identity ticket replacement due to misplacement	R 55.86	R 59.10	R 62.52
Admin Levy books outstanding after 4 weeks	R 46.01	R 48.67	R 51.50
User Fees for non Ga-Segonyana Residents	R 180.83	R 191.32	R 202.42

**2.14 ADVERTISING SIGNS AND HOARDINGS****2.14.1 Advertising signs**

Cost per square meter	R 118.65	R 125.53	R 132.81
Minimum charge	R 1,186.52	R 1,255.34	R 1,328.15
Guest house Board-Single sided	R 474.61	R 502.14	R 531.26
Guest house Board-double sided	R 664.45	R 702.99	R 743.76

**2.14.2 BANNERS**

Deposit	R 759.37	R 803.42	R 850.02
Fees per week	R 456.81	R 483.31	R 511.34

**2.14.3 POSTERS**

(i) Application per poster - non profit organisation No commercial advertising and logos of sponsors will appear on posters	R 11.87	R 12.55	R 13.28
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(ii) Application for religious, sporting and cultural events, commercial logos of sponsors per week Minimum charge per week	R 59.33 R 118.65	R 62.77 R 125.53	R 66.41 R 132.81
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(iii) Application per candidate	R 1,186.52	R 1,255.34	R 1,328.15
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(iv) Application per registered political party and independents Fully refundable on removal	R 1,186.52	R 1,255.34	R 1,328.15
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Excluding present serving councillors that hold and arrange community meetings.  
Poster should be removed within 48 hours. Failing to do so deposit will not be reclaimable

Application to display advertising signs	R 1,186.52	R 1,255.34	R 1,328.15
Advertising signs displayed on municipal property	R 1,779.78	R 1,883.01	R 1,992.22
Advertising fee per month	R 201.71	R 213.41	R 225.79

**2.15 PHOTOCOPIES****VAT INCLUDED**

A4 size	R 1.12	R 1.18	R 1.25
A3 size	R 1.68	R 1.78	R 1.88
A4 size colour	R 1.68	R 1.78	R 1.88
A3 size colour	R 3.36	R 3.55	R 3.76

**2.16 FAXES PER PAGE****VAT INCLUDED**

Received	R 4.48	R 4.74	R 5.01
Send	R 3.36	R 3.55	R 3.76

Special tariff to Staff and Councillors  
tariff less 20%

**2.17 TESTING OF VEHICLE BRAKES****VAT EXCLUDED**

Fee	R 279.45	R 295.66	R 312.80
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**2.18 POUNDING FEES****VAT EXCLUDED****Impounding:**

Trolleys per trolley per day: Minimum	R 3.81	R 4.03	R 4.26
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LDV's per LDV per day: Minimum	R 458.94	R 485.56	R 513.72
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Horses, donkey's cattle and pigs per day	R 200.00	R 211.60	R 223.87
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Sheep and goat (each)	R 100.00	R 105.80	R 111.94
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**Maintenance:**

Horses, donkey's cattle and pigs per day	R 55.97	R 59.21	R 62.65
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Sheep and goat (each)	R 33.58	R 35.53	R 37.59
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**2.19 TRAFFIC**Functions, Marches and SportsMonday to Saturday

One or two officer per event	R 949.22	R 1,004.27	R 1,062.52
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Three or four officers per event	R 1,898.43	R 2,008.54	R 2,125.04
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More than four officers per event	R 2,373.04	R 2,510.68	R 2,656.30
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Sunday and Public Holidays

Per officer per hour	R 889.89	R 941.50	R 996.11
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**ESCORT OF ABNORMAL LOADS**Monday to Saturday

Per officer per hour	R 533.93	R 564.90	R 597.67
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Sunday and Public Holidays

Per officer per hour	R 1,779.78	R 1,883.01	R 1,992.22
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Indigent Funerals

Government Event

**3. LAND USE****3.1 GROUND AND GRAVEL SALES****VAT INCLUDED**

3.1.1 Ground Private - per cubic metre	R 279.45	R 295.66	R 312.80
Ground Contractor - per cubic metre	R 279.45	R 295.66	R 312.80

3.1.2 Gravel Private - per cubic metre	R 279.45	R 295.66	R 312.80
Gravel Contractor - per cubic metre	R 279.45	R 295.66	R 312.80



**3.2 BUILDING AND OTHER PLANS COPIES  
VAT INCLUDED****3.2.1 Black and White**

Size A0	R 493.13	R 521.74	R 552.00
Size A1	R 328.76	R 347.82	R 368.00
A2	R 279.45	R 295.66	R 312.80

**3.2.2 Colour**

Size A0	R 739.68	R 782.58	R 827.97
Size A1	R 558.90	R 591.31	R 625.61
A2	R 378.06	R 399.99	R 423.19

**3.3 BUILDING PLAN APPROVAL - VAT INCLUDED  
VAT INCLUDED****3.3.1 Residential and Agricultural stands**

Cost per square metre	R 18.58	R 19.66	R 20.80
Minimum charge	R 936.90	R 991.24	R 1,048.74
Maximum charge	R 15,845.49	R 16,764.53	R 17,736.87

Penalty: Cost per m<sup>2</sup> + 50% to a minimum of R10,000.00**3.3.2 Business and Industrial stands**

Cost per square metre	R 37.33	R 39.50	R 41.79
Minimum charge	R 3,731.27	R 3,947.69	R 4,176.65

Penalty: Cost per m<sup>2</sup> + 50% to a minimum of R20,000.00**3.3.3 Government buildings and churches**

Cost per square metre	R 100.00	R 105.80	R 111.94
Minimum charge	R 5,000.00	R 5,290.00	R 5,596.82

Penalty: Cost per m<sup>2</sup> + 50% to a minimum of R50,000.00**3.4 BUILDING DEPOSITS  
VAT EXCLUDED(BUT PAYABLE)****3.4.1 Residential: 0 - 80 square metre  
80+ square metre**

R 1,117.73	R 1,182.56	R 1,251.15
R 1,857.41	R 1,965.14	R 2,079.11

**3.4.2 Businesses**

R 5,588.68	R 5,912.83	R 6,255.77
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**3.4.3 INTERNAL ALTERATIONS****(i) Residential: 0 - 80 square metre  
80+ square metre**

R 1,229.51	R 1,300.82	R 1,376.26
R 2,043.17	R 2,161.67	R 2,287.05

**(ii) Business**

R 6,147.52	R 6,504.08	R 6,881.32
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**3.5 LAND USE MANAGEMENT FEES  
VAT EXCLUDED(BUT PAYABLE)****3.5.1 Category 1 Applications MPT**

Township establishment	R 1,858.18	R 1,965.95	R 2,079.98
0-20 Erven (Plus R 50 per erf)			
Plus tariff per erf in addition to the first 20 erven (Plus bulk service contribution)			

Application for Rezoning	R 1,858.18	R 1,965.95	R 2,079.98
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Removal, amendment or suspension of a restrictive conditions, servitude or reservation against title of the land	R 3,358.08	R 3,552.85	R 3,758.91
--	------------	------------	------------

Permanent closure of any public place or road	R 2,238.72	R 2,368.57	R 2,505.94
---	------------	------------	------------

Amendment or cancellation in whole or in part of a general plan	R 2,238.72	R 2,368.57	R 2,505.94
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Subdivision/ Consolidation of any land other than the subdivision which is provided for as a category 2 applications per additional portion after 5. the per erf tariff per erf in additional	R 3,358.08	R 3,552.85	R 3,758.91
---	------------	------------	------------

Any consent or approval required in terms of a condition of title, a condition of establishment or condition of an existing scheme or land use scheme	R 2,794.16	R 2,956.22	R 3,127.68
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**3.5.2 Category 2 Applications (Authorised officials)**

Application to occupational practice, relaxation of building lines, coverage, boundary wall height, amendment of site development plan	R 3,358.08	R 3,552.85	R 3,758.91
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Subdivision/ consolidation of any land where subdivision is expressly provided for in a land use scheme	R 2,798.40	R 2,960.71	R 3,132.43
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TARIFF SCHEDULE 2016/17 FINANCIAL YEAR

Per additional portion after 5, then per erf tariff per in addition

2016/17 2017/18 2018/19

The consent of the municipality for any land use purpose or departure or deviation in terms of a land use scheme or existing scheme which does not constitute a land development application

R 2,798.40 R 2,960.71 R 3,132.43

**3.5.3 Other tariffs as per specific need**

Hard Copy of SDF	R 1,679.04	R 1,776.42	R 1,879.46
Hard Copy of Land Use Regulations	R 336.02	R 355.51	R 376.13
Customised product compilation fee (DVD, CD of documents)	R 223.66	R 236.63	R 250.36

**3.5.4 PENALTY**

Application cost + 50%			
Minimum	R 18,639.81	R 19,720.92	R 20,864.73
Maximum	R 55,935.87	R 59,180.16	R 62,612.60

**3.6 APPLICATION FOR HOME ENTERPRISE  
VAT EXCLUDED(BUT PAYABLE)**

Application fee	R 197.23	R 208.67	R 220.77
Departures land use restrictions on stands			
< 500 square metre	R 197.23	R 208.67	R 220.77
501 - 750 square metre	R 295.85	R 313.01	R 331.16
> 750 square metre	R 295.85	R 313.01	R 331.16

**3.7 CERTIFICATE PER ISSUE  
VAT EXCLUDED(BUT PAYABLE)**

Valuation	R 230.14	R 243.49	R 257.61
Clearance	R 328.76	R 347.82	R 368.00
Zoning	R 197.23	R 208.67	R 220.77

**3.8 HIRING OF MACHINES( If machine used less than an hour still pay full price)**

Grader per hour	R 854.74	R 904.32	R 956.77
TLB per hour	R 525.99	R 556.50	R 588.78
Front end loader	R 821.83	R 869.50	R 919.93
Water truck	R 493.08	R 521.68	R 551.93

**3.9 CONTRIBUTION TO BULK SERVICES****Payments to be made prior to approval of business plans**

Cost per square metre  
Residential low cost  
Non subsidised household  
Business  
Industrial

**3.9.1 Water**

Intermediate LOS	R 2,476.25	R 2,619.87	R 2,771.82
Low	R 5,332.24	R 5,641.51	R 5,948.72
Medium	R 10,410.55	R 11,014.36	R 11,653.20
High	R 19,996.47	R 21,156.27	R 22,383.33

**3.9.2 Sanitation**

Low	R 4,855.74	R 7,253.38	R 7,674.07
Medium	R 11,223.32	R 11,874.27	R 12,562.98
High	R 16,301.63	R 17,247.13	R 18,247.46

**3.9.3 Electricity**

LOS	R 5,078.31	R 5,372.85	R 5,684.48
Low	R 10,156.62	R 10,745.71	R 11,368.96
Medium	R 20,313.25	R 21,491.42	R 22,737.92
high	R 30,469.87	R 32,237.13	R 34,106.88

# APPENDIX C

## **GA-SEGONYANA MUNICIPALITY**

### **POLICY: CREDIT CONTROL AND DEBT COLLECTION**

#### **1. PREAMBLE**

- 1.1 In terms of Section 152 of the constitution of the Republic of South Africa, Act 108 of 1996 and Section 96 of the Municipal Systems Act no 32 of 2000 (herein after referred to as the "Systems Act") Chapter 7, Section 152 of the Constitution states the following:
  - To provide democratic and accountable governance to local municipalities.
  - To ensure the provision of services to communities in a sustainable manner.
  - To promote a safe and healthy environment.
  - To encourage the involvement of communities and community organisations in the matters of local government.
- 1.2 The municipality must strive within its financial and administrative capacity for the achievement of the above mentioned objectives hence Section 96(a) and (b) of the Systems Act must be observed.
  - 1.2.1. Section 96 (b) of the Systems Act requires from Ga-Segonyana Local Municipality to adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its Rates and Tariff policies and complies with the provisions of the Act.
  - 1.2.2. Section 96 (a) of the Systems Act prescribes for Ga-Segonyana to collect all monies that is due and payable to it, subject to the provisions of that Act and any other applicable legislation.

#### **2. RESPONSIBLE AUTHORITY**

- 2.1 The Council is responsible and should review the performance of the Municipality to endeavour to improve the efficiency of the credit control and debt collection services.
- 2.2 The delegated officials to assist the Council accomplish its responsibilities are the Municipal Manager, Financial Manager and officials appointed in the Debt Collection Section.
- 2.3 Municipal Manager

It is the responsibility of the Municipal Manager to report bi-monthly to the full Council on the status of debtors and action taken against them. Further more, the Municipal Manager must ensure that obligations under its by-laws and decisions by the Council are enforced by the Municipality Administration.
- 2.4 Ward Committees

The communication channel between Council and the public and Ward Committees should on a very regular basis be informed where the level of indebtedness exceeds the levels prescribed by the Council and who then also should make recommendations for improvement to Council. The Committee should comprise of the Ward Councillor and at least two members representing the community, which

should be identified as Ward/Zonal Leaders.

No Councillor or any individual is allowed to influence either the Municipal Manager or Manager Finance and/or municipal official not to enforce an obligation in terms of this policy and by-laws and if found guilty, may lose his/her Council position.

2.5 Obligation to measure

The Council must ensure that every Municipal service provided to a consumer could either be metered or estimated or allocated at regular intervals and establish a charge or tariff for the service.

2.6 Agreement

Before supplying of a service, a consumer must enter into a contract of agreement, which should provide for the deposit to be paid as security. Notwithstanding the above. All debtors of any kind are obliged to honour their debts. The deposit is established in terms of the reviewed tariff structures for compiling the budget on a year to year basis.

**ALL SERVICE PROVIDERS OUR BASIC SERVICES, NAMELY SEDIBENG WATER AND ESKOM MUST APPLY OUR CREDIT CONTROL AND DEBT COLLECTION POLICY.**

2.7 Control over deposits of security

Deposits received must be reviewed annually and a register should be maintained. the total sum of deposits received shall constitute a short-term liability in the books of the Municipality. No interest shall accrue in favour of the depositors thereof. Upon termination of the debtor's agreement with the Municipality, the deposit shall/will first be offset against any outstanding balance (if any) to be refunded to the consumer.

2.8 Rendering of accounts

Although Municipalities must render an account for the amount due by a debtor, failure thereof shall not relieve a debtor of the obligation to pay the amount. Accounts must reveal the following:

- a) Details of the consumption for a certain period of each service either by measuring, estimating or allocation.
- b) The amount due in terms of consumption.
- c) The amount due for each remaining service.
- d) Other amounts due.
- e) The amount due for property tax.

## 2.9 Final date of payment

### 2.9.1 Consumer Services Accounts

The invoice/account must state the final date of payment, which must not be later than the 15<sup>th</sup> of the following month after date of the invoice.

### 2.9.2 Assessment Rates Accounts

The invoice/account must state the final date of payment which must not be later than 30 September each year for property owners paying assessment rates levied as an annual single amount and for property owners paying assessment rates levied in 11 equal monthly instalments not later than the 15<sup>th</sup> of the following month after date of the invoice to be paid in full on the 15<sup>th</sup> May of each year.

## 3. **PURPOSE OF CREDIT CONTROL POLICY**

- 3.1 To ensure that all money due and payable to Ga-Segoyana Local Municipality in respect of rates, fees for services, surcharges on such fees, tariffs, charges, interest accrued on any amounts due and payable in respect of foregoing and any collection charges are collected efficiently and promptly.
- 3.2 Provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and also the estimates of income set in the annual budget of Ga-Segonyana less an acceptable provision for Bad Debts.
- 3.3 Provide for the termination of services or for restrictions on the provision of services when payments are overdue.
- 3.4 Provide for matters relating to the unauthorised consumption of services, theft and damages.
- 3.5 Provide for credit control and debt collection procedures and mechanisms.
- 3.6 Provide for any collection charges on the payment of overdue accounts.
- 3.7 Provide for the extension of time for payment on overdue amounts.
- 3.8 Provide for interest on overdue accounts.

## 4. Credit control Procedures

- 4.1 The purpose is to ensure that credit control forms an integral part of the financial system of the Municipality, and ensure that the same procedure be followed for each individual case.

### Arrears

An amount due after the final due date for payment, shall be an amount in arrears, the account following the month when the arrears occurred, should reflect the amount in arrears.

### 4.2 Action after failure to pay

- 4.2.1 If a debtor fails by the demand date –



- 4.2.1.1 to pay the arrears amount
- 4.2.1.2 to lodge an appeal (query the amount of the account)
- 4.2.1.3 to conclude an agreement with the Municipality for payment of the arrears in instalments.

4.2.2 the Municipality may without further notice –

- 4.2.2.1 immediately disconnect, discontinue or restrict the supply of electricity to the debtor for both services and property rates accounts.
- 4.2.2.2 institute legal action for the recovery of the arrears amount within a period not exceeding thirty days from the demand date.
- 4.2.2.3 The debtor will be liable for all costs incurred in respect of the legal action taken against him/her including the commission charged by the debt collector.

4.3 Right of access

Municipal officials have the right of access to any property occupied by a debtor for the purposes of reading or inspecting meters or connections or to disconnect, discontinue or restrict supply of any service.

4.4 Right of appeal

An appeal must be submitted in writing to the Municipal Manager prior to the final due date for payment of the contested amount, and must contain details of the specific item(s) on the account which are the subject of appeal, with full reasons.

4.5 Payment during appeal

Once an appeal is lodged, the debtor's obligation to pay that portion of the total amount due represented by the items appealed against is suspended until the appeal has been finalised. The debtor must however immediately pay the balance of the account together with an amount representing the average cost of the item appealed against over the preceding three months, or an amount determined by the Municipal Manager. In the meantime, the debtor will remain due and liable for all other amount falling due during the adjudication of the appeal.

4.6 Adjudication of appeal

- 4.6.1 If the appeal is in respect of a metered consumption, the metered instrument must be tested, within 14 days of lodgement of appeal to establish the accuracy thereof.
- 4.6.2 The debtor should be informed in writing of the results of the test of the instrument, and of any adjustment to the amount due by him, together with the costs of the test for which the debtor will be liable if no error could be found with the instrument. If a faulty meter or instrument is revealed, the Municipality will bear the costs thereof.

5. **EXTENSION FOR PAYMENT**

5.1 Policy

#### 5.1.1 Assessment Rates

The Financial Manager may/can arrange that the property owner pay the outstanding amount in eleven equal consecutive monthly instalments payable in full by 30 June each year or yearly in one instalment payable by 30 September of the year wherein the new assessment rates became taxable and payable.

#### 5.1.2 Consumer services and other debtors

The Financial Manager may/can arrange that the debtor pay the outstanding amount in equal monthly instalments over a period not exceeding 24 months.

5.1.3 Interest must be charged on the arrears debt mentioned in 3.1.1 and 3.1.2 at a rate of 1% above prime rate.

5.1.4 Other measures for extended repayment periods can also be dealt with by the Financial Manager as set out in 3.5 below.

### 5.2 Dedicated reserve

A reserve for the purpose of funding amounts due in terms of extended payment agreements must be formed. Such reserve must annually set aside in the revenue estimates an amount not more than 5% of the operating income of the Municipality. It must also be noted that the aggregate of the arrears debts, of which extended repayment agreements have been concluded, may not exceed the dedicated, reserve provided for.

### 5.3 Working Capital Reserve

A provision for non-cash revenue not exceeding 25% of the anticipated cash to be received for services should be made and must be separate from the provision for bad debts.

### 5.4 Continuous default

If a debtor fails to comply with the terms of any agreement providing for an extension of time for payment, then the total of all amount due including interest and costs, shall immediately become payable without further notice to the debtor.

### 5.5 Extended repayment periods – Consumer accounts

5.5.1 If the overdue amount is outstanding for longer than 12 months, a minimum of 50% down payment must be made and repayment period not to exceed 12 months.

5.5.2 If the overdue balance is outstanding for less than 12 months, a minimum down payment of 25% is required and the balance to be paid over a period not exceeding 6 months.

- 5.5.3 The debtor should request such arrangement and shall agree to the conditions attached thereto.
- 5.5.4 If the conditions as agreed to be not adhered to normal credit control procedures will be implemented.
- 5.5.5 When a debtor applies for further extension/arrangement, services will be discontinued until final payment is received.
- 5.5.6 All future current accounts must be paid on due date.

## 6. COMMENCEMENT AND RESUMPTION OF SERVICES

### 6.1 New service connections

Application for new connections can only be made by property owners or with their written consent, accompanied by positive identification.

In cases where there is an existing connection the account holder of services must first terminate his/her service to allow for the new service connection. No electricity will be connected if there are outstanding debt regarding services on the specific stand that the previous tenant was residing. The landlord/owner shall be held responsible for all outstanding services accounts.

Connections and supply of a new service may only be made after all charges in respect of deposits and connection fees have been paid.

### 6.2 Resumption of discontinued services

#### 6.2.1 If the debtor has –

6.2.1.1 paid the full amount outstanding

6.2.1.2 made an agreement with the Municipality for the payment of the amount in arrears the services will be resumed.

### 4.3 Unauthorised consumption, theft, damages and penalties

When established that a water or electricity meter has been tampered with by a transgressor (a consumer), the following actions are applicable:

4.3.1 A penalty fee payment of R10 000 for households, R20 000 for businesses and R30 000 for industrial site.

4.3.2 The replacement of a conventional meter with a pre-paid meter, the cost of the connection for the account of the transgressor/consumer.

4.3.3 The payment of an additional levy in respect of calculated average consumption since the date of deviation in consumption occurred on the account of the property involved.

4.3.4 No services will be rendered to the new occupant if the outstanding debt of the old occupant is not paid in full.

## 5. PROCEDURE OF FINAL RESORT

The following will facilitate this concept:

5.1 Consumer Services

- 5.1.1 A Cut-off List must be compiled within 10 day after due date of payment (15<sup>th</sup> of each month).
- 5.1.2 Services will be disconnected without any further notice.
- 5.1.3 Services may not be resumed before arrangements have been made for payment of an additional deposit, 10% late fee, arrears outstanding and reconnection fee as stipulated in the written notice.
- 5.1.4 A report must be submitted by the person involved with the discontinuation of services in respect of unoccupied premises to try and locate such owners/users before the case is referred to the attorneys.
- 5.1.5 The deposit on services of an unoccupied dwelling must be brought into account before any arrears amount are handed over to the Debt Collection Section for collection with the provision that the debtor/person stay at a known address.
- 5.1.6 The Financial Manager must submit a bi-monthly report to Council in respect of all collections recovered in order to prevent the attorney to accrue further costs in respect of untraceable cases.
- 5.1.7 In the event of cheques being returned by the Council's Bankers, the procedures are:
- 5.1.8 The person concerned will be informed by telephone/in writing of the in default of payment.
  - 5.1.8.1 The services must immediately be discontinued if the person involved does not, within 24 hours, effect cash payment or provide a bank guaranteed cheque for the amount involved.
  - 5.1.8.2 The person involved must be blacklisted for a period of 6 months and no cheques must be accepted from him/her.
- 5.1.9 If a conventional water and/or electricity consumer fails to pay their account on the prescribed due date, the conventional meter(s) will be replaced with a pre-paid meter at the cost of the consumer concerned. The criteria are the following after:
  - 5.1.9.1 The name of the consumer of water and/or electricity appeared twice on a cut-off list.
  - 5.1.9.2 The consumer of water and/or electricity being thrice in default of payment.
  - 5.1.9.3 The consumer of water and/or electricity failed to comply with

arrangements made to pay arrears amounts for whatever reason.

- 5.1.9.4 The consumer of water and/or electricity used self righteousness to re-install water and/or electricity supplies to his premises after the supply has been disconnected by the Municipality for whatever reason.

Where consumer services have been disconnected for whatever reason in terms of the Council's policy, the Municipality is obliged to install a drip valve at the consumer concerned until all outstanding debt is paid in full.

### 5.3 Write-off of Irrecoverable Debts: Conditions

- 5.3.1 Where the debtor is untraceable.
- 5.3.2 Insolvency of debtor.
- 5.3.3 Where a contribution obligation may exist on sequestration of a business or individual.
- 5.3.4 The debtor has no movable or immovable property at his disposal.
- 5.3.5 The cost of collection exceeds the debt.

### 5.4 Clearance Certificates.

5.4.1 Before any property can be transferred from one owner to another, all arrears are payable before the chief financial officer issues a certificate to that effect. No transfer can take place without such a certificate.

## 6. **DEBT COLLECTION**

### 6.1 Procedures for the collection of outstanding debt on all debtors

- 6.1.1 Dispatch of accounts and payment thereof by the debtor within the prescribed time indicated on the account.
- 6.1.2 In the event of no payment /default payment of the account summons must be issued by the Debt Collection Section to those concerned.

### 6.2 Credit control and debt collection of employee accounts.

Section 10 of the Systems Act reads as follows:

"A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from the staff member's salary after this period"

Employees of the Municipality shall be subject to disciplinary hearings, as per the Municipal Systems Act (no 32 of 2 000), Schedule 2 S10, if they are found to be in arrears.

Payment of arrear amounts by staff may be extended to a maximum of 12 months in exceptional circumstances in order to deal with previous arrears and within the prescripts of the Basic Conditions of Employment Act. Thereafter no further arrears may be accumulated.

In order to ensure timeous, assured payment of employee accounts, all employees residing within Ga-Segonyana Local Municipality shall be subjected to an automatic

deduction instituted against their salaries.

6.3 Credit Control and debt collection of councillor accounts.

The Local Government Laws Amendment Act (no 51 of 2002) states that:

“Municipal Councillors may not be in arrears to the municipality for rates and services for a period longer than 3 months”

Section 124(b) of the Municipal Finance Management Act (No 56 of 2003) reads as follows:

“The notes to the financial statements of a municipality must include particulars of any arrears owed by individual councillors to the municipality for rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councillor...”

In order to ensure timely, assured payment of councillor accounts, all councillors shall be subject to an automatic deduction instituted against their councillor allowance payments on a monthly basis.

/policy/nt

# APPENDIX D



# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **PROPERTY RATES POLICY**

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## GA-SEGONYANA LOCAL MUNICIPALITY

### PROPERTY RATES POLICY

#### **1. LEGISLATIVE CONTEXT**

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a local municipality in accordance with-
  - a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act and the regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

#### **2. DEFINITIONS**

- 2.1 "**Act**" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 2.2 "**Agent**", in relation to the owner of a property, means a person appointed by the owner of the property-
  - (a) to receive rental or other payments in respect of the property on behalf of the owner; or
  - (b) to make payments in respect of the property on behalf of the owner;
- 2.3 "**Agricultural purpose**" in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

- 2.4 **"Annually"** means once every financial year;
- 2.5 **"Category"**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
  - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.6 **"Child-headed household"** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.7 **"Definitions, words and expressions"** as used in the Act are applicable to this policy document where ever it is used;
- 2.8 **"Land reform beneficiary"**, in relation to a property, means a person who -
- (a) acquired the property through -
    - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
    - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
  - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.9 **"Land tenure right"** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.10 **"Municipality"** means the Local Municipality of Ga-Segonyana;
- 2.11 **"Newly Rateable property"** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding -
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
  - (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 2.12 **"Owner"**-
- (a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;

- (b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled",

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-

- (i) a trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

2.13 **"Privately owned towns serviced by the owner"** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

2.14 **"Property"** means -

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

2.15 **"Public service infrastructure"** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

2.16 **“Residential property”** means improved property that:-

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

2.17 **“Rural communal settlements”** means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

2.18 **“state trust land”** means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

### 3. POLICY PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:
- (a) Equity  
The municipality will treat all ratepayers with similar properties the same.
  - (b) Affordability  
The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.
  - (c) Sustainability  
Rating of property will be implemented in a way that:
    - i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
    - ii. Supports local, social and economic development; and
    - iii. Secures the economic sustainability of every category of ratepayer.
  - (d) Cost efficiency  
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.



#### **4. SCOPE OF THE POLICY**

- 4.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

#### **5. APPLICATION OF THE POLICY**

- 5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

#### **6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:-

(a) Trading services

- i. Water
- ii. Electricity

(b) Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1 (a) and (b).

- 6.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

#### **7. CATEGORIES OF PROPERTY**

- 7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business properties;

- 7.1.4 Agricultural properties;
  - 7.1.5 Small Holdings;
  - 7.1.6 State owned properties;
  - 7.1.7 Municipal properties;
  - 7.1.8 Public service infrastructure referred to in the Act;
  - 7.1.9 Educational;
  - 7.1.10 Privately Owned Towns;
  - 7.1.11 Vacant Stands.
- 7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.
- 7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

## **8. CATEGORIES OF OWNERS**

- 8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:-
- (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
  - (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
  - (c) Owners of property situated within an area affected by-
    - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
    - ii. serious adverse social or economic conditions.
  - (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
  - (e) Owners of properties situated in "privately owned towns" as referred to in clause 13.1 (b);
  - (f) Owners of agricultural properties as referred to in clause 13.1 (c); and
  - (g) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

## **9. PROPERTIES USED FOR MULTIPLE PURPOSES**

- 9.1 Rates on properties used for multiple purposes will be levied in accordance with the "dominant use of the property".

## 10. DIFFERENTIAL RATING

- 10.1 Criteria for differential rating on different categories of properties will be according to:-
- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
  - (b) The promotion of local, social and economic development of the municipality.
- 10.2 Differential rating among the various property categories will be done by way of:-
- (a) setting different cent amount in the rand for each property category; and
  - (b) by way of reductions and rebates as provided for in this policy document.

## 11. EXEMPTIONS AND IMPERMISSIBLE RATES

- 11.1 The following categories of property are exempted from rates:-

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2014/15 financial year the maximum reduction is determined as R25 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R10 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.14(b) of this policy is exempted from paying rates.

- 11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

- 11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No.

57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.
- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

#### 11.4 Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

- (a) *Welfare and humanitarian*  
For example PBOs providing disaster relief.
- (b) *Health Care*  
For example PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- (c) *Education and development*  
For example PBO's providing early childhood development services for pre-school children.
- (d) *Sporting bodies*  
Property used by an organization for sporting purposes on a non-professional basis:
- (e) *Cultural institutions*  
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (f) *Museums, libraries, art galleries and botanical gardens*  
Property registered in the name of private persons, open to the public and not operated for gain.
- (g) *Animal welfare*  
Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (h) *Cemeteries and crematoriums*  
Property used for cemeteries and crematoriums.
- (i) *Welfare institutions*  
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates,

laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

(j) *Charitable institutions*

Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

- 11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.
- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

## **12. REDUCTIONS**

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
- 12.1.1 Partial or total destruction of a property.
- 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of clause 12.1:-
- 12.2.1 The owner referred to in clause 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 12.1.1 and 12.1.2. For the 2014/2015 financial year the maximum reduction is determined as 80%.

12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

12.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

### **13. REBATES**

#### **13.1. Categories of property**

##### **(a) Business, commercial and industrial properties**

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
  - a. job creation in the municipal area;
  - b. social upliftment of the local community; and
  - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
  - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
  - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
  - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 30 June for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

##### **(b) Privately owned towns serviced by the owner**

The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause 2.13 of this policy. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2014/15 financial year the rebate is determined as 20%.

##### **(c) Agricultural property rebate**

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
  - a. the extent of rates related services rendered by the municipality in respect of such properties.



- b. the contribution of agriculture to the local economy.
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
  - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2014/15 financial year the minister has promulgated a ratio of 1:0.25.
- iii. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.

### **13.2 Categories of owners**

Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

#### **(a) Indigent owners**

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

#### **(b) Child headed families**

- i. Families headed by children will receive a 100% rebate for paying property tax, according to monthly household income. To qualify for this rebate the head of the family must:-
  - a. occupy the property as his/her normal residence;
  - b. not be older than 18 years of age;
  - c. still be a scholar or jobless; and
  - d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality. For the 2012/13 financial year this amount is determined as R3 240 per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

#### **(c) Retired and Disabled Persons Rate Rebate**

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-



- a. occupy the property as his/her normal residence;
- b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
- c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
- d. not be the owner of more than one property; and
- e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
  - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
  - b. sufficient proof of income of the owner and his/her spouse;
  - c. an affidavit from the owner;
  - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iii. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2014/15 financial year the total yearly income and corresponding rebate is determined as follows:-
  - a. R0 to R50 000 per year - 40%.
  - b. R50 001 to R80 000 per year - 20%.
- iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

- 13.3 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

#### **14. PAYMENT OF RATES**

- 14.1 The rates levied on the properties shall be payable:-

- (a) on a monthly basis; or
- (b) annually, before 30 September each year.

- 14.2 Ratepayers may choose paying rates annually in one instalment on or before 30 September each year or monthly consecutive payments to be settled by 30 June. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all

rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

- 14.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 14.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 14.5 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 14.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.7 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 14.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **15. ACCOUNTS TO BE FURNISHED**

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
  - (i) the amount due for rates payable,
  - (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

- 15.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## **16. PHASING IN OF RATES**

- 16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

- 16.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-

- First year : 75% of the relevant rate;
- Second year : 50% of the relevant rate; and
- Third year : 25% of the relevant rate.

- 16.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-

- First year : 100% of the relevant rate;
- Second year : 75% of the relevant rate;
- Third year : 50% of the relevant rate; and
- Fourth year : 25% of the relevant rate.

## **17. SPECIAL RATING AREAS**

- 17.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.

- 17.2 The following matters shall be attended to in consultation with the committee referred to in clause 17.3 whenever special rating is being considered:-

17.2.1 Proposed boundaries of the special rating area;

17.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;

17.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;

17.2.4 Proposed financing of the improvements or projects;

17.2.5 Priority of projects if more than one;

- 17.2.6 Social economic factors of the relevant community;
- 17.2.7 Different categories of property;
- 17.2.8 The amount of the proposed special rating;
- 17.2.9 Details regarding the implementation of the special rating;
- 17.2.10 The additional income that will be generated by means of this special rating.
- 17.3 A committee consisting of 6 members of the community residing within the area affected will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 17.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 17.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7 of this policy.
- 17.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 17.7 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.
- 18. FREQUENCY OF VALUATION**
- 18.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 18.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

## **19. COMMUNITY PARTICIPATION**

- 19.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:-
- 19.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
  - 19.1.2 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
  - 19.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.
  - 19.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
  - 19.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
  - 19.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

## **20. REGISTER OF PROPERTIES**

- 20.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 20.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 20.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
  - ii. Rebate or reduction in terms of section 15,
  - iii. Phasing-in of rates in terms of section 21, and
  - iv. Exclusions as referred to in section 17.
- 20.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 20.5 The municipality will update Part A of the register during the supplementary valuation process.

- 20.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

**21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

- 21.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

**22. REGULAR REVIEW PROCESSES**

- 22.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and recent legislation.

**23. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES**

- 23.1 This policy has been approved by the Municipality in terms of Council resolution ..... dated .....and takes effect on the effective date of the first valuation roll on 1 July 2014.

# APPENDIX E



# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **VIREMENTS POLICY**

## VIREMENTS POLICY – GA-SEGONYANA LOCAL MUNICIPALITY

Ga-Segonyana Local Municipality's Virement Policy (As guided by Circular 51 from National Treasury) Page 1

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## 1. Foreword

The Municipal Finance Management Act No. 56 of 2003 allows the shifting of funds from one vote number to another, when the need exists to do so. The process of preparing such transfer of funds must not impede service delivery to the communities but rather enhance service delivery.

Virements Policy suggests formal procedures to be followed when Departments are preparing virements, some of which must be processed through an item to the Portfolio Committee or Executive Committee or Council, depending to the amount involved. This policy should therefore be seen by all as an instrument that brings flexibility to enhance service delivery. Any proposed changes to budget structures should therefore further strengthen the municipality's muscles to deliver services to the people of the municipal area of jurisdiction.

Policy is also informed by Circular 51 from National Treasury which suggests that municipalities must develop and approve Virement Policies.

## 2. Background

The budget of the municipality is divided into five main votes led by the Municipal Manager and relevant Departments. The budget structure allows for a further division into Sections which are managed by responsible managers or Heads of Departments. All these managers operate with delegated functions from the accounting officer as prescribed in the Municipal Finance Management Act.

During their operations, managers are face with various challenges which sometimes require budget adjustment. Adjustment of the budget may be necessary at differing levels e.g. from item to item or from one area of economic classification to another.

This policy seeks to build a regulatory framework and guidance around adjustment of the department's budgets. The policy will thus guide the Department's internal processes leading to adjustment estimates. The policy will regulate the following:

- i. The shifting of funds between programmes and sub-programmes within the vote;
- ii. The utilizations of savings under a main division of a vote for the defrayment of excess expenditure under another main division of the same vote;
- iii. The shifting of funds between budget items of the same programme or area of responsibility.

## 3. Objectives of the policy

This policy seeks to build a regulatory framework and guidance around adjustment of the municipality's budgets (Operating or Capital Budget). The policy will thus guide the

Ga-Segonyana Local Municipality's Virement Policy (As guided by Circular 51 from National Treasury) Page 3

municipality's internal processes leading to adjustment of the municipality's budget. It is also intended to give effect to provisions of Circular 51 from National Treasury and also comply with the Municipal Finance Management Act No. 56 of 2003.

#### 4. Guiding Principles

- ☐ The policy is not meant to encourage Directorates to invest less in planning, procurement and financial matters.
- ☐ Directorates must always ensure that their budgets are structured in a manner that achieves the most appropriate alignment with the Integrated Development Plan (IDP) and procurement plans so as to avoid unnecessary adjustment of the budget.
- ☐ The policy is an enabling instrument for Directorates to accommodate policy priorities that may emerge during a financial year.
- ☐ It is designed to enable Directorates to utilize efficiency savings derived in the implementation of some project to defray excess expenditure elsewhere within the Directorates.
- ☐ The policy is not meant to encourage Directorates to continuously change plans but rather encourages efficient utilization of scarce financial resources.

#### 5. Scope of applicability

The policy will apply in all Directorates within the Ga-Segonyana Local Municipality and all Directors and relevant Heads of Departments are responsible to ensure that it is implemented accordingly. It will apply in all programmes, sub-programmes and responsibility areas of the Directorates. All Directorates and staff categories of the Department shall be equally affected by the policy.

#### 6. Legality /legislative Framework

- ☐ Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) ☐ MFMA Circular 51 of 2010

#### 7. Principles of Virement Procedures

##### 7.1. Virements from the Revenue Side of the Budget

The virementing of funds through increasing the revenue side of the operating budget is totally discouraged. Amending revenue side of the budget can only apply when the

municipality has received some additional funding from another source which has been paid into the municipality's bank account and the budget must be amended prior to spending.

#### 7.2. Virements from Capital to Operating Budget or vice-versa

The virementing of funds from Capital to Operating Budget or vice-versa is totally discouraged as the two budgets serve different purposes. The purpose of a

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Virement must not be seen as to increase the budget, but rather to shift funds from one vote to another, and the bottom line (or the total budget) being the same. Permitting virementing of funds from Capital Budget to Operating Budget or vice-versa will defeat the main purpose of budget virement.

#### 7.3. Virements to or from Personnel Expenses

Personnel expenses should be regarded as one component of "fixed costs" and allowing virementing to or from personnel expenses' line items should be an indication of planning that is not acceptable and must be discouraged. If circumstances enforces that virements to or from personnel expenses line items be processed, such motivation must be forwarded to the Municipal Manager for authorisation up to agreed upon limits.

#### 7.4. Other discouraged virementing to or from line items

This Policy also discourages virementing of funds to or from the following line items:

- ☐ Bulk purchases of Electricity or Water; ☐ Debt impairment;
- ☐ Interest Charges; ☐ Depreciation; ☐ Revenue foregone; ☐ Insurance; and
- ☐ Value Added Tax (VAT).

#### 7.5. No Increase of Budget through Virementing

As clearly spelt before, the purpose of virementing should not be to increase the budget (be capital or operating) as it should be viewed as the procedure of transferring available or unspent funds from one line item or vote or project to another.

#### 7.6. Virements of "Conditional Grants" for Other Purposes

Conditional Grants from National and or Provincial Government Departments are allocated to the municipality in terms of the annual Division of Revenue Act (Dora) and in they come to the municipality in terms of clearly defined conditions. The municipality is therefore discouraged to process virements affecting "conditional grants", and if

there's any need to do so "prior written approval must be obtained from the donor or government department".

#### 7.7. Limits of Funds to be processed through virements

The processing of virements will be processed through completing a Virement Form (please see attached) which can be authorised by the Municipal Manager, Chief Financial Officer and the relevant Director up to a limit of R100 000. Anything greater than the R100 000 must be processed through an item that must be tabled to the

Ga-Segonyana Local Municipality's Virement Policy (As guided by Circular 51 from National Treasury) Page 5

Portfolio Committee (preferable Budget, Treasury and IDP Committee or Mayoral Committee).

At all times budget virements must be limited to 5% per annum of the total budget of the vote affected (e.g. if the total budget for Finance Vote is R20 000 000, the total virement that can be processed for Finance will be limited to  $R20\,000\,000 \times 5\% = R1\,000\,000$ ). Any deviations from this rule must be motivated to the full Council.

#### 7.8. Other Virement procedures

All completed and signed Virement Forms must be forwarded to the Chief Financial Officer for processing or amending budget line items accordingly. This also applies on resolutions approved by Council committees. This will ensure that the Chief Financial Officer is capable of keeping the records of all virements performed during the year, and also be able to track down virements processed by each vote in order to manage the requirement indicated in paragraph 7.7. above.

#### 8. Management of the Policy

The management of the Virement Policy is delegated to the Chief Financial Officer who will ensure that the policy is implemented as intended, and virement forms or resolutions are safely kept.

#### 9. Review of the Policy

This Policy will be reviewed as and when it is required that the policy be reviewed or whenever there is policy amendment coming from National Treasury through regulations, guidelines or circulars.

Ga-Segonyana Local Municipality's Virement Policy (As guided by Circular 51 from National Treasury) Page 6

# APPENDIX F



# **GA-SEGONYANA LOCAL MUNICIPALITY**

## **BULK SERVICES CONTRIBUTION POLICY: WATER, SANITATION AND ELECTRICITY**





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## 1. DEFINITIONS

- 1.1 **"Average monthly demand"** means the average estimated or measured demand by any user or consumer in respect of any Service during any continuous period of 12 months or such other period as may be determined by the Municipality;
- 1.2 **"Bulk infrastructure"** means the public infrastructure by means of which water, sewerage and electricity are generated, collected, stored, purified, conveyed and disposed of, as the case may be, and which connects to the reticulation system which in turn distributes services to or from end users;
- 1.3 **"Bulk services contribution"** means a monetary contribution levied by the municipality and recovered from developers as a connection fee in respect of a development;
- 1.4 **"Cost of capital"** means the cost of capital expressed as an effective annual interest rate at which the Bulk Infrastructure is financed by any Financier;
- 1.5 **"Demand model"** means a model utilised by the Municipality to project over a specified period of time the demand (peak and monthly average) needed for specific services to be provided to accommodate development.
- 1.6 **"Development"** means any new or extended building, office complex, office park, retail centre or other commercial development, factory or industrial development or park, mine, township, subdivision, division, consolidation, rezoning, consent use or enhanced use rights of whatever nature granted on land by the municipality;
- 1.7 **"Gross lettable area" or "GLA"** means that portion of a development, which can be occupied for its intended use;
- 1.8 **"Individual residential dwelling"** for purposes of sanitation services, means any individually metered residential dwelling where its sewage is



water-borne and which is further classified in terms of the following categories:

- 1.8.1 Low capacity unit: featuring 1 toilet per unit or erf;
- 1.8.2 Medium capacity unit: featuring 2 toilets per unit or erf;
- 1.8.3 High capacity unit: featuring 3 or more toilets per unit or erf.

1.9 **"Peak demand"** means the highest estimated or measured demand by any user during any continuous period of 24 months or such shorter period as may be determined by the municipality;

1.10 **"Unit contribution"** means a bulk service contribution, expressed as a monetary amount payable in respect of a defined component of a development (such as a residential unit or a unit of usable space);

1.11 **"Present value" or "PV"** means the value of an amount of money which is to be spent over an extended period expressed at its current value, after taking into account the projected change in the value of money;

## 2. OBJECTIVE OF THE POLICY

2.1. The municipality recovers the cost to it of bulk infrastructure by providing for a portion thereof in the tariffs for the service in question as well as by means of bulk service contributions.

2.2. This policy provides a framework for the determination of bulk service contributions on an equitable basis thereby allowing tariffs to be set at a more affordable level and shortening the period of recovery of the capital cost of bulk infrastructure, thus reducing long-term debt, improving the municipality's balance sheet and its credit rating and further enabling the municipality to develop a capital reserve for new and replacement bulk infrastructure.



- 2.3. The municipality is entitled to levy bulk infrastructure contributions as a condition of approval of a development, in terms of section 42, Land Use Planning Ordinance (Cape) 15/1985.
- 2.4. It is accepted that existing property owners already contributed to some extent to the capital cost of bulk infrastructure at the time of their respective developments in the past and additional contributions will be applicable only on extension of existing structures or for increased use rights.
- 2.5. The municipality will levy bulk service contributions when it approves a new development, specific extensions to existing building structures or grants increased use rights for an existing development to account for the projected impact the development or alterations thereto will have on the municipality's bulk infrastructure, accordingly enabling it to fulfil its constitutional mandate to provide sustainable municipal services.

### **3. JUST ADMINISTRATIVE ACTION**

- 3.1. The Constitution entitles everyone to administrative action which is lawful, reasonable and procedurally fair and to be given reasons for any such action which affects them.
- 3.2. The Promotion of Administrative Justice Act 3/2000 is the legislation required by the Constitution to give effect to the right to just administrative action and to promote an efficient administration and good governance and to create a culture of accountability, openness and transparency in public administration or in the exercise of a public power or the performance of a public function.
- 3.3. This policy incorporates the above principles by providing parameters and procedures to guide the municipality and its officers in implementing it, and thereby exercising a public power through a series of administrative actions. In so doing, this policy seeks to provide certainty on the part of those affected by it with regard to how the municipality will act in the



circumstances covered by the policy and uniformity of action on the part of its officers.

- 3.4. The municipality commits itself and its officers to act fairly and justly in an open and transparent manner in implementing this policy.

## 4. METHODOLOGY

- 4.1. In the case of water and sanitation infrastructure systems, the municipality must plan to provide bulk infrastructure capable of delivering the peak demand thereon (in the case of water) or peak flow therein (in the case of sewerage) over a defined planning period.
- 4.2. The municipality has developed a demand model for these two services, assessing the period 2010 to 2030 and has projected the increased peak demand and flow, respectively, for that period, resulting from developments, enabling it to reflect this increase as a percentage of system capacity.
- 4.3. Bulk services contributions in the form of connection fees are calculated to recover a similar percentage of the current bulk infrastructure budget.
- 4.4. In order to ensure an equitable spread of contributions, the connection fees for residential water users will be determined by reference to connection and meter size, which define low, medium and high capacity users.

The demand model enables the expected total peak demand for each category to be determined and accordingly a proportionate connection fee to be set, thus allowing developers to contribute according to the impact each category of user in their developments will have on bulk infrastructure (and in turn to recover appropriately from end-users).

- 4.5. In similar fashion, in terms of the demand model, the expected peak flow of sewerage can be calculated for each category (this being directly proportional to water use), which are accordingly defined by reference to water connection and meter size.



4.6. For both the water and sewerage services, the unit contribution for typical commercial and industrial developments and residential developments which are not individually metered are calculated on the basis of a fee per set unit of gross lettable area and the policy provides for the calculation, where necessary, of a connection fee based on actual peak demand, in the case of potentially extraordinarily high capacity users.

4.7. With regard to electricity, again the demand model enables the increase in peak demand resulting from developments to be determined over the planning period and said increase to be reflected as a proportion of current capital spend. Contributions are calculated to recover the amount arrived at.

In order to ensure an equitable spread of contributions, individual contributions are calculated by reference to connection size (given that smaller capacity connections have a significantly lower expected maximum demand than medium and high capacity connection users).

4.8. As with water and sewerage, the unit contribution for typical commercial and industrial developments and residential developments which are not individually metered, is based on a fee per set unit of gross lettable area.

In the case of potentially extraordinarily high peak demand users, the policy provides for an individually calculated connection fee to be calculated based on actual peak demand.

## **5. WATER SERVICE**

5.1. The municipality's demand model reveals that peak water consumption will increase from 12.5MI per day in 2010 to 28.1MI per day in 2030. This equates to  $\pm 46\%$  of the bulk system capacity.

5.2. Applying the methodology in paragraph 4, an amount equivalent to 46% of the current expenditure for bulk water infrastructure must be recovered





from connection fees, being an amount of R183 million (per Feasibility Study dated November 2010).

It is recognised that only  $\pm 25\%$  of the increase in demand will be due to construction of new dwellings whilst the balance will be due to upgrade of service levels. This forecast a recovery of  $\pm R46$  million from new developments.

- 5.3. Connection fees on existing dwellings/structures will be applicable to extension of existing structures or for increased use rights.
- 5.4. The following unit connection fees are accordingly determined with effect from the 2011/2012 financial year, for typical, individually metered residential units, to be paid by a developer per unit in a development:

Capacity	Connection Size	Meter Size	Fee (Rand)
Intermediate LOS (e.g. yard connection)	20mm	15mm	R1 950
Low	20mm	15mm	R4 200
Medium	25mm	20mm	R8 200
High	40mm	32mm	R15 750
High	50mm	40mm	R15 750

- 5.5. For typical commercial, industrial and non-individually metered residential developments, a fee of R7 500, per  $100\text{m}^2$  of bulk, or  $100\text{m}^2$  GLA, whichever is most appropriate, is set.
- 5.6. In respect of exiting dwellings, a 30% discount will be applicable if the applicant pays the connection fee upfront.
- 5.7. Notwithstanding the above, if the municipality receives an application for approval of a development which, because of its size or the water intensive nature of the activities to be conducted therein, is likely to achieve a peak demand in excess of the expected levels in the demand model, the municipality is entitled as a condition of approval to require the developer to



pay a bulk contribution calculated on the basis of the expected peak demand for that development over the planning period.

In this regard, the Municipal Manager shall consider any reports commissioned by him, consult with the developer and determine a contribution.

The provisions of section 62, Local Government: Municipal Systems Act 32/2000 shall apply with regard to any such determination.

- 5.8. The Council will annually consider a report from the Municipal Manager on actual recoveries from connection fees against expected fees as reflected in the demand model as well as the calculated impact of any approved developments and adjust the connection fees in accordance with the methodology in 3 above to ensure adequate recovery over the study period or any adjustment thereof from time to time.

## **6. SANITATION SERVICE**

- 6.1. The municipality's demand model predicts an increase in peak flow between 2010 and 2030 from 8 MI per day to 22.9 MI per day. This increase represents 66% of the 2030 capacity and will need capital input of R 137 million. (November 2010 feasibility study)
- 6.2. It is recognised that approximately 40% of the increase in demand will be due to construction of new dwellings and an amount of ±R55 million should be recovered from these developments.
- 6.3. Expected peak sewage flow per residential type is directly proportional to peak water consumption.

Accordingly, a more equitable division of unit contributions is achieved by categorising residential types by reference to the size of the water supply connections to a unit, rather than the standardised size of sewerage connection.



- 6.4. The following unit connection fees are determined for implementation from the 2011/2012 financial year, for typical residential units, individually metered for water and business/commercial developments (to be paid by a developer per unit in a development):

Capacity	Typical number of toilets	Water connection size	Connection Fee(R)
Low	1	20 mm	R5 400
Medium	2	25 mm	R8 840
High	3 or more	40 & 50 mm	R12840

- 6.5. For typical commercial, industrial and non-individually metered residential developments, a fee of R9 920 per 100m<sup>2</sup> of bulk, or 100m<sup>2</sup> GLA, whichever is most appropriate, is set.
- 6.6. The provisions of paragraph 5.6 and 5.8 shall mutatis mutandis apply in respect of the sewerage service.
- 6.7. The provisions of paragraph 5.7 shall mutatis mutandis apply in respect of the capital contribution to bulk sewerage infrastructure by a developer in relation to a development referred to therein.

## 7. ELECTRICITY SUPPLY

- 7.1. The municipality's demand model for electricity predicts an increase in demand from 2010 to 2030 from 310 Mwh/d to 645 Mwh/d and this increase represents 52% of the 2030 capacity.(November 2010 feasibility study)
- 7.2. The capital need for this amount to R124.3 million and it is recognised that approximately 70% (R87 million) of this is due to construction of new dwellings whilst the balance is contributing to upgrade of service levels.
- 7.3. The contribution will be based on the capacity utilised which is also determined by the connection size which is the most accurate predictor of expected maximum demand. K



- 7.4. The following connection fees are determined for typical residential units, individually metered, for electricity, for the financial year 2011/2012, to be paid by a developer for each unit in a development:

Capacity	Size of connection (Amps)	Connection fee (R)
LOS	10	R4 000
Low	20	R8 000
Medium	40	R16 000
High	60 (single & 3 phase)	R24 000

- 7.5. For typical commercial, industrial and non-individually metered residential developments a fee of R16 000 per 100 m<sup>2</sup> of bulk or 100 m<sup>2</sup> of GLA, whichever is the most appropriate, is set.
- 7.6. The provisions of paragraph 5.6 and 5.8 shall mutatis mutandis apply in respect of the electricity service.
- 7.7. The provisions of paragraph 5.7 shall mutatis mutandis apply in respect of a development as referred to therein.

## 8. OTHER MATTERS

- 8.1. The Municipal Manager shall be entitled to negotiate a discount to a maximum of 30% on Bulk service contributions payable on developments in a category or area determined by the Council from time to time, to facilitate development.
- 8.2. Bulk service contributions calculated and levied in terms of this Policy will be payable upon any of the following events:
- 8.2.1. Approval of the township by the Municipality in the case of a new development. The Bulk service contributions will be quantified in terms of the services agreement between the Municipality and the relevant Developer(s) and must be paid before the township register can be opened at the deeds office;



- 8.2.2. Approval of a rezoning application in terms of an existing development: The Bulk service contributions will be quantified in the relevant motivation to the Council and must be paid before any building plans are approved;
- 8.2.3. Submission of an application for the amendment of building plans in respect of an individual residential dwelling or another building and where the proposed modification(s), changes or extension as the case may be, will lead to an increase in demand for services: Payment in full of the additional Bulk service contributions is required prior to final approval of the plans.

## **9. CONTRIBUTIONS RING-FENCED**

- 9.1. Contributions received by the municipality pursuant to this policy must be separately identified and recorded in the financial records of the municipality (with in its Capital Replacement Reserve) and only utilised for the purposes of supporting capital projects relating to the upgrade, maintenance or extension of a capital infrastructure of the service in question.

## **10. MUNICIPAL MANAGER IS THE RESPONSIBLE AND ACCOUNTABLE OFFICER**

- 10.1. The Municipal Manager is responsible and accountable for the implementation of this policy and shall report annually to the Council on the applicability of the fees set herein and the extent to which the policy is achieving its objectives.
- 10.2. The Municipal Manager is hereby delegated all the necessary power and authority to fulfil the obligation interms of this policy, with authority to supper delegate to the appropriate level.

# APPENDIX G

# GA-SEGONYANYA LOCAL MUNICIPALITY



## **Asset Management Policy**



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## **1. INTRODUCTION**

This policy for the management of assets has been designed to assist management and officials of the Ga-Segonyana Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.

For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.

This policy replaces all asset management procedures/instructions and memoranda that have been previously issued.

Failure to comply with this policy will result in the institution of disciplinary procedures in terms of the stipulated human resource policies and procedures of the Municipality.

## **2. OBJECTIVE**

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by:

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

### 3. STATUTORY FRAMEWORK

The statutory framework for this policy is:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- Local Government: Municipal Structures Act, No 117 of 1998;
- Local Government: Municipal Systems Act, No 32 of 2000;
- Local Government: Municipal Finance Management Act, No. 56 of 2003;
- Regulation No. 31346 of 2008;
- Municipal Supply Chain Management Regulations No. 27636;
- Generally Recognised Accounting Practice.

### 4. ACCOUNTING STANDARDS

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:

- GRAP 1 – Presentation of Financial Statements;
- GRAP 13 – Leases;
- GRAP 16 – Investment Property;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 100 - Non – current Assets Held for Sale and Discontinued Operations;
- GRAP 101 - Agricultural;
- GRAP 102 – Intangible Assets; and
- IAS 36 - Impairment of Assets

Other relevant accounting standards are:

- GRAP 12 on Inventories
- GRAP 11 on Construction Contracts

### 5. DEFINITIONS

Every effort has been made to use definitions established through legislation, standards of accounting and other guidance on asset management. Should uncertainty arise regarding a specific definition the definition as per the relevant original legislation or standard of accounting shall be referred to.

**“Accounting Officer”** means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of Section 60 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

**"Agricultural Activity"** is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

**"Active market"** is a market in which all the following conditions exist:

- The assets traded within the market are homogeneous;
- Willing buyer and seller can normally be found at any time; and
- Prices are available to the public.

**"Agricultural Produce"** is the harvested product of the entity's biological assets.

**"Amortisation"** is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

**"Assets"** are resources controlled by the Municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

**"Asset categories"** are the six main asset categories defined as follows:

- **Infrastructure assets** – are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewage purification and trunk mains, transport terminals and car parks.
- **Community assets** – are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.
- **Heritage assets** – are defined as culturally significant resources. Examples are works of art, historical buildings and statues.
- **Investment properties** – are defined as properties that are acquired for economic and capital gains. Examples are office parks and under-developed land acquired for the purpose of resale in future years.
- **Intangible assets** – are identifiable assets without physical substance.
- **Other assets** – are defined as assets utilized in normal operations. Examples are plant, equipment, motor vehicles and furniture and fittings.

**"Asset's Life-Cycle"** is the cycle of activities that an asset goes through – including planning, design, initial acquisition and/or construction, cycle of operation and maintenance and capital renewal and finally disposal.

**"Asset Manager"** is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the Municipality's assets in accordance with the entity's standards, policies, procedures and relevant guidelines.

**"Asset Register"** is a record of information on each asset that supports the effective financial and technical management of the assets, and meets statutory requirements.

**"Biological Asset"** is a living animal or plant.

**"Biological Transformation"** comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

**"Carrying amount"** is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

**"Chief Financial Officer"** means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

**"Class of property, plant and equipment"** means a grouping of assets of a similar nature or function in a municipality's operations, which is shown as a single item for the purpose of disclosure in the financial statements.

**"Commercial service"** means a service other than a municipal service

- (a) rendered by a private sector party or organ of state to or for a municipality or municipal entity on a commercial basis; and
- (b) which is procured by the municipality or municipal entity through its supply chain management policy.

**"Community Assets"** – are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

**"Cost"** – is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of Standards of GRAP.

**"Depreciation"** – is the systematic allocation of the depreciable amount of an asset over its useful life.

**"Depreciable Amount"** – is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

**"Depreciated replacement cost"**, in relation to capital assets, means an amount equivalent to the cost to replace the capital assets on the date of transfer adjusted by a deemed depreciated cost at the date of the transfer taking into account the age and condition of the assets.

**"Disposal"**, in relation to capital assets, includes –

- (a) the demolition, dismantling or destruction of the capital assets; or



- (b) any other process applied to capital assets which results in loss of ownership of the capital assets otherwise than by way of transfer of ownership.

**"Disposal management system"** means the system contemplated in regulation 40 of the Municipal Supply Chain Management Regulations, published by General Notice No. 868 of 2005.

**"Enhancements / Rehabilitation"** is an improvement or augmentation of an existing asset beyond its original recognized service potential for example useful life, capacity, quality and functionality.

**"Fair Value"** – is the amount for which assets could be exchanged between knowledgeable, willing parties in an arm's length transaction.

**"GRAP"** is Standards of Generally Recognised Accounting Practice

**"Head of department / senior manager"** – means a manager referred to in section 56 of the Municipal Systems Act.

**"Heritage Assets"** – are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

**"Historical cost"** - means the original purchase price or cost of acquisition of the capital assets at the time the assets were acquired

An **"impairment loss"**– of cash generating assets is the amount by which the carrying amount of assets exceeds its recoverable amount.

An **"impairment loss"**- of non-cash generating assets is the amount by which the carrying amount of assets exceeds its recoverable service amount.

**"Infrastructure assets"**- are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

**"Intangible assets"**- are identifiable non-monetary assets without physical substance.

**"Investment Properties"** – are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

**"Municipality"** means the Ga-Segonyana Municipality.

**"Other Assets"** – are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

**"Property, Plant and Equipment" (PPE)** – are tangible assets that:

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

**“Realisable value”** means the amount of cash or cash equivalents that could currently be obtained by transferring the capital assets, less the estimated cost of completion and the estimated costs necessary to make the transfer.

**“Recoverable Amount”** – is the amount that the Municipality expects to recover from the future use of assets, including its residual value on disposal.

**“Recoverable service amount”** is the higher of a non-cash-generating asset's fair value less costs to sell and its future value in use.

**“Residual Value”** – of assets is the estimated amount that an entity would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and condition expected at the end of its useful life.

**“Right to use, control or manage”** means a right to use, control or manage the capital assets for a period exceeding one calendar month without ceding legal ownership in the assets. In other words, where the granting of such rights do not amount to the transfer or permanent disposal of the assets, for example when a right is acquired through a leasing, letting or hiring out arrangement.

**“Senior Manager”** is a manager referred to Section 57 of the Municipal Systems Act (MSA) being someone reporting directly to the municipal manager.

**“Service provider”**–

- in relation to a municipal service, means a private sector party or organ of state appointed by a municipality in terms of Chapter 8 of the Municipal Systems Act to perform a municipal service in accordance with that Act; or
- in relation to a commercial service, means a private sector party or organ of state appointed in terms of the supply chain management policy of a municipality or municipal entity to render a commercial service to or for the municipality or entity as an independent contractor.

**“Supply chain management policy”** means the supply chain management policy which a municipality or municipal entity is required to have in terms of Chapter 11 of the Act.

**“The Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

**“Transfer”**, in relation to a capital or subsidiary asset, means transfer of ownership in the asset as a result of a sale or other transaction.



**"Useful Life"** – is either:

- the period of the time over which an asset is expected to be used by the Municipality, or
- the number of production or similar units expected to be obtained from the asset by the Municipality.

## **6. BACKGROUND**

The utilization and management of PPE, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

## **7. DELEGATION OF POWERS**

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as

between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

## **8. RESPONSIBILITY**

### **8.1 Municipal Manager**

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

### **8.2 Chief Financial Officer**

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.

- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- Ensure implementation of the approved Asset Management Policy;
- Verify assets in possession of the Council three times a year;
- Receive from the Asset Management Section a detailed "outcome report" on the assets verification exercise;
- Keep a complete and balanced record of all assets in possession of the Council;
- Report in writing all asset losses to the Council;
- Ensure that the asset register of the Council is balanced quarterly.
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

### **8.3 Senior Managers**

The Senior Managers must ensure that:-

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they will remain accountable for ensuring that these activities are performed.

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each senior manager shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.

No amendments, deletions or additions to the asset register shall be made other than by the Asset Manager or by an official acting as the Asset Manager and must be authorized by the Chief Financial Officer.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Administration Department in writing that the asset items entrusted to that employee to

execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Administration Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

## **9. ASSET REGISTER**

The Municipal Manager shall ensure that the municipality maintains a fixed asset system which shall be operated in conjunction with its computerized fixed asset register.

The identification system shall be determined by the municipal manager, acting in consultation with the Chief Financial Officer and other Senior Manager, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the municipality's audit report(s), and shall be decided upon within the context of the municipality's budgetary and human resources.

The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.

The asset register shall reflect the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- the responsible senior manager and department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of property
- the stand number, in the case of property
- where applicable, the identification number
- the measurement based used (Cost or Fair Value)
- the original useful life
- the revised useful life
- the residual value
- the original cost, or the revalued amount or the fair value if no costs are available
- the (last) revaluation date of the assets subject to revaluation
- the revalued value of such assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation
- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- method of calculating recoverable amount (when impairment test are required in terms of GRAP)
- increases or the decreases resulting from revaluations (if applicable)



- the source of financing
- condition of the asset
- the current insurance arrangements
- whether the asset is required to perform basic municipal services
- whether the asset has been used to secure any debt, and – if so – the nature and duration of such
- security arrangements
- the date on which the asset is disposed of
- the disposal price
- the date on which the asset is retired from use, if not disposed of.

All heads of department under whose control any asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

An asset shall be capitalised, that is, recorded in the asset register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, where after it shall be appropriately capitalised as a fixed asset. An asset shall remain in the asset register for as long as it is in physical existence.

The Asset Manager must ensure that reconciliations are performed on a monthly basis between the general ledger values and the asset values and to be submitted to the Chief Financial Officer.

The Chief Financial Officer must check and authorize the reconciliations as correct.

Depreciation methods and rates used must be approved by the Chief Financial Officer and included in the approved accounting policy.

The Asset Manager should allocate depreciation rates and methods to each asset class, and ensure that depreciation calculations are correctly applied and posted in the general ledger.

## 10. CLASSIFICATION OF ASSETS

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:

### 10.1 Property, Plant and Equipment (PPE)

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).

- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Computer equipment;
- Office equipment;
- Furniture and fittings;
- Radio Equipment;
- Plant and machinery;
- Motor Vehicles; and
- Emergency Equipment.

## **10.2 Investment Property**

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.

Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuer shall be engaged by the municipality to undertake such valuations.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

## **10.3 Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

## **10.4 Agricultural Assets**

Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position,

## **10.5 Assets Treated as Inventory**

Any land or buildings owned or acquired by the Municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the Municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the Municipality's statement of position.

Such inventories shall, however, be recorded in the asset register in the same manner as other fixed assets, but a separate section of the asset register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Appendix A on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Appendix A shall use the classification applicable to the asset most closely comparable in the Appendix A.

# **11. CAPITALISATION CRITERIA**

## **11.1 PPE and Intangible Assets**

All assets may only be acquired in terms of Council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of Council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensures that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of Council's Supply Chain Management policy should be obtained and where required submitted to Council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Supply Chain Management Unit;
- Once delivered the asset must be labeled / bar-coded by the Supply Chain Management Unit before such asset is put into use;



- The senior manager should endorse receipt of the asset on the invoice and forwarded it for payment to the Supply Chain Management Unit; and
- The Revenue and Expenditure Unit would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the Council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the asset register.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the Municipality.

## **11.2 Investment Property**

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the Council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

After initial recognition investment property will be measured at fair value. A gain or loss arising from a change in fair value shall be recognized as a profit or loss in the Statement of Financial Performance in the period in which it arises. The fair value of investment property shall reflect market conditions at reporting date.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- (a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

When an investment property is transferred to inventory or owner-occupied property, the property's deemed cost is the fair value of the property at the date of the change in use.

For a transfer from inventories to investment property, that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the Statement of Financial Performance.

### **11.3 Reinstatement, Maintenance and Other Expenses**

Only expenses incurred in the enhancement of an asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of an asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of an asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of an asset, may be capitalised as part of such asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, instalation, assembly and communication costs.

#### **11.4 Intangible Assets**

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

#### **11.5 Heritage Assets**

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

#### **11.6 Donated Assets**

Where an asset is donated to the Municipality, or an asset is acquired by means of an exchange of assets between the Municipality and one or more other parties, the asset concerned shall be recorded in the asset register at its fair value, as determined by the Chief Financial Officer.

## **12. DEPRECIATION**

### **12.1 Depreciation of PPE**

All PPE, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on an annual basis against the appropriate line item in the department or vote in which the item of PPE is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE is acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE controlled or used by the department in

question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

### **12.2 Rate of Depreciation and Amortisation**

The Chief Financial Officer shall assign a useful operating life to each depreciable item of PPE recorded on the Municipality's asset register. In determining such a useful life the Chief Financial Officer shall use to the useful lives set out in the Appendix A to this document as a guideline.

In the case of an item of PPE which is not listed in this Appendix A, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the Head of Department who shall control or use the item in question, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

### **12.3 Method of Depreciation**

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

## **13. AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF PPE**

Only the Chief Financial Officer may amend the useful operating life assigned to any PPE, and when any material amendment occurs the Chief Financial Officer shall inform the Council of such amendment.

The Chief Financial Officer shall amend the useful operating life assigned to any item of PPE if it becomes known that such item has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the item's economic benefits or service potential will be consumed.

If the value of an item of PPE or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or



value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the item has physically ceased to exist, it shall be written off in the asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

## **14. IMPAIRMENT OF ASSETS**

The accounting treatment relating to impairment losses is outlined in IAS37.

The carrying amount of an item or a group of identical items of PPE and intangible assets should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to the recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification works is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of the recoverable amount.

The following may be indicators that an asset is impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
  - Are in a state of damage at year end.
  - Are technologically obsolete at year end.
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
  - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset as defined above.
- The impairment loss per asset is the difference between the net selling price and the carrying value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.

## 15. REVALUATION OF ITEMS OF PPE

All land and buildings recorded in the municipality's fixed asset register shall be revalued every four years. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

Land and buildings are stated at revaluated amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses on the buildings.

The Chief Financial Officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the items as recorded in the valuation roll, provided the Chief Financial Officer is satisfied that such value reflects the fair value of the land and buildings concerned.

The Chief Financial Officer shall also, where applicable, create a revaluation reserve for each such item equal to the difference between the value as recorded in the valuation roll and the carrying value of the item before the adjustment in question.

The buildings concerned shall thereafter be depreciated on the basis of its revalued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the buildings in question.

The Chief Financial Officer shall ensure that an amount equal to the difference between the new (enhanced) annual depreciation expense and the depreciation expenses determined in respect of such buildings before the revaluation in question is transferred each year from the revaluation reserve to the Municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.

If the amount recorded by the valuer is less than the carrying value of the item of land or buildings recorded in the asset register, the Chief Financial Officer shall adjust the carrying value of such item by increasing the accumulated depreciation of the item in question by an amount sufficient to adjust the carrying value to the value as recorded by the valuer. Such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such item, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the item of land or building in question.

Revalued land and buildings shall be carried in the asset register, and recorded in the annual financial statements, at their revalued amount, less accumulated depreciation (in the case of buildings).

## **16. ACQUISITION OF ASSETS**

### **16.1 Pre-acquisition Planning**

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.



## **16.2 Approval to Acquire Assets**

Money can only be spent on a project if:

- The money has been appropriated in an approved capital budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.
- The Supply Chain Management Policy is adhered to.

Authorization for the acquisition of assets should be as per this Municipality's delegation of authority and payment for assets shall be in accordance with financial policies and regulations of this Municipality.

## **16.3 Funding of Capital Projects**

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the Municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

# **17. PURCHASE OR HIRE OF IMMOVABLE PROPERTY**

The Municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:
  - In the case of the following paragraph complies with the requirements of that paragraph; and
  - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:
  - The price is in excess of the market value thereof as assessed by an appraiser; or
  - The rental which, when calculated per annum in the case of:

- Immovable property hired for agricultural purposes, exceeds six percent; and
- Immovable property hired for any other purpose, exceed twelve percent of the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the Municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

## **18. GUIDELINE PROCEDURES FOR ADDITIONS TO ASSETS**

The Asset Manager must ensure all additions to assets are in accordance with an approved capital budget. Additions must be updated on a monthly basis in the Municipality's Asset register. All additions must be approved by the Chief Financial Officer.

## **19. FUNDING OF ASSETS AND RESERVES**

Within the municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer will establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the integrated development plan. The acquisition of assets will not be funded over a period longer than the useful life of that asset.

Type of funding may comprise of the following:

### **19.1 EXTERNAL LOANS**

- Long term; and
- Short term.

### **19.2 Government Grants/ Public Contributions and Donations**

- National Government;
- Provincial Government; and
- Other stakeholders.

### **19.3 REVENUE**

Revenue arising from the following transactions and events:

- The sale of goods;
- The rendering of services; and
- Exercising of legal powers and duties.
  - a. The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realized as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.
- The use by others of municipal assets thereby yielding interest, royalties and dividends.

#### **19.4 Capital Replacement Reserve**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of a Council Resolution for approval thereof as part of the budget process. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized. The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

## **20. ALIENATION OF ASSETS**

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any item of PPE shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the Council or the Municipal Manager of the Municipality, as the case may be, recommending the process of alienation to be adopted.

The Council shall delegate to the Municipal Manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (fifty thousand rand). The Council shall ensure that the alienation of any asset with a carrying value equal to or in excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004..

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the asset register. If the proceeds of the alienation are less than the carrying value recorded in the asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

Transfer of assets to other municipalities, municipal entities (whether or not under the Municipality's sole or partial control) or other organs of state shall take place in accordance with the Municipal Asset Transfer Regulations.

## **21. GUIDELINE PROCEDURES FOR THE DISPOSAL OF ASSETS**

The Senior Manager must submit a motivation for the disposal of an asset under his/her control to the Chief Financial Officer.

The Chief Financial Officer must authorize, by signature the motivation and submit the motivation to the Accounting Officer for his/her approval.

Before computer equipment is disposed the Chief Financial Officer must consult the IT section.

All combined motivations must be submitted to the Asset Manager to update the asset register of the Municipality and the book of accounts regarding the sale.



The following information should be updated in the asset register:

- Reason for disposal;
- Information relating to the buyer;
- Individual requesting disposal;
- Cost, book value and proposed selling price of the asset;
- Date of sale;
- Method of payment;
- Receipt number; and
- The relevant asset information

## **22. OTHER WRITE-OFFS OF PPE**

An item of PPE, even though fully depreciated, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the Municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

## **23. MANAGEMENT AND OPERATION OF ASSETS**

### **23.1 Accountability to manage assets**

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. This will include:

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

### **23.2 Contents of a strategic management plan**

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

#### **General Requirements**

Items purchased, with an expected life span of more than one year, will be reported by the department doing the purchasing to the Asset Control Section to ensure recording in the asset register. In order to record items the Asset Control Section must be notified by the department doing the purchasing **within 14 days** of any of the following possible movements:

- Purchases;
- Donations;
- Additions/Improvements;
- Departmentally manufactured items;
- Auctions;
- Loss or damage;
- Transfers;
- Resignations; and
- Land Sales.

### **23.3 Reporting of Emerging Issues**

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

## 23.4 Verification of Assets

Stock taking will ensure that all new assets are bar-coded and created on the system. Every employee will be notified within 10 days in advance of the stock taking process and time. Stock taking will ensure that all the new assets are bar-coded and created on system timely and accurately. It will be the responsibility of the Asset Control Section to organise and coordinate the stock taking process. Stock taking will take place three times a year. After the physical stock taking the following reports will be generated for the Chief Financial Officer:

- **“Assets not yet Verified”**: Assets which are created on the asset system, but not found during stock take;
- **“Assets missing from Asset System”**: Assets which are scanned during stock take, but not created on the asset system; and
- **“Assets where locations differ”**: Assets found in a different office than in which it was registered on the asset system.

Duplicate inventory lists will be produced and handed to every employee assigned to an office. The inventory lists will be verified by that specific employee and signed. One inventory list will be handed to the Asset Control Section and the other one will be attached to the back of the employees' office door. If there are any inaccuracies on the list it will immediately be rectified.

## 23.5 Movement of Assets

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all transfers from its original location of assets (including minor assets items) within 5 working days after transfer of such item.

## 23.6 Purchase of New Asset

All new assets will receive a bar code number and description before being captured to the Asset System. All documentation regarding the purchase of the asset must be received by the Asset Control Section:

- cheque number,
- copy of order,
- invoice and
- other detail.

A copy of the documentation received will then be filed suitably.

# 24. MAINTENANCE

## 24.1 Maintenance Plans

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred



thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

#### **24.2 Deferred Maintenance**

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall re-determine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

#### **24.3 General Maintenance of Assets**

Every Head of Department shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

### **25. REPLACEMENT STRATEGY**

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

## **26. TRANSFER OF ASSETS**

When assets are transferred to other Government Departments or municipalities, a document with specific authorization should be tied to the asset to ensure the validity of the transfer.

The document should also include:

- Asset description;
- Cost of the asset;
- Date of acquisition;
- Unique asset number;
- Effective date of transfer;
- Quantity; and
- Authorization by both transferor and transferee.

The asset manager must then effect the transactions in the book of accounts of the Municipality on the day the asset is transferred to the transferee.

## **27. PHYSICAL SECURITY OF ASSETS**

Every Senior Manager shall be directly responsible for the physical safekeeping of any asset controlled or used by their department.

In exercising this responsibility, every Senior Manager shall adhere to directives issued by the Chief Financial Officer with regard to the control and safekeeping of the Municipality's assets.

Every Senior Manager shall ensure that the asset identification system approved for the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

All assets should be kept in a secure location, maintained regularly, insured against theft or destruction, utilized economically and efficiently.

When it is suspected that an employee is abusing assets, this fact should be reported to the Chief Financial Officer within 48 hours. Such an employee should be subject to the disciplinary procedures as described in terms of the Standard Conditions of Service.

All items of PPE lost, stolen or damaged must be reported to the Chief Financial Officer within 48 hours after discovery for further investigation and reporting required by the Municipal Finance Management Act No. 56 of 2003.

At the resignation of an employee the applicable Senior Manager or his/her duly delegated representative must complete the relevant asset form and forward it to the Human Resources Department. This form is a statement that the asset items entrusted to the employee to execute his/her daily duties are in good order and handed in where necessary.

## 28. INSURANCE OF ASSETS

The Accounting Officer must ensure that all movable assets are insured at least against fire and theft, and municipal buildings and infrastructure are insured at least against fire and allied perils.

The Accounting Officer shall recommend, after consultation with the Chief Financial Officer, the basis of insurance cover to be applied: either the carrying value or the replacement value of the assets. Such a recommendation shall take due cognizance of the budgetary resources of the Municipality.

Any theft, loss or damage to an asset should immediately be reported to Council's insurance brokers by the relevant head of department under whose responsibility the asset falls. Each such case must be reported for investigation to the Health and Safety Committee and the outcome be reported to the Municipal Manager to institute disciplinary steps and / or recovery. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer. All insurance claims must be recorded in an insurance register and all outstanding insurance claims reported on a monthly basis to the Chief Financial Officer. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to Council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

If the Municipality operates a self-insurance reserve, the Chief Financial Officer shall annually determine the premiums payable by the departments or votes after having received a list of the assets and insurable values of all relevant assets from the heads of departments concerned.

The municipal manager shall recommend to the Council of the Municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognizance of the budgetary resources of the Municipality.

The Chief Financial Officer shall annually submit a report to the Council of the Municipality on any reinsurance cover which it is deemed necessary to procure for the Municipality's self-insurance reserve.

## **29. SHORT TITLE**

This policy shall be called the Asset Management Policy of the **Ga-Segonyana Municipality**.

## APPENDIX A

### SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

	<u>ASSET LIFE</u>		<u>ASSET LIFE</u>
<b>INFRASTRUCTURE ASSETS</b>			
<b>ELECTRICITY:</b>			
Power stations	30	<b>GAS:</b>	
Cooling towers	30	Meters	20
Transformer kiosks	30	Main supply	20
Meters	20	Storage tanks	20
		Supply and reticulation networks	20
Load control equipment	20		
Switchgear	20	<b>SEWERAGE:</b>	
Supply and reticulation networks	20	Sewer mains	20
Main supply	20	Outflow sewers	20
		Sewerage purification works	20
<b>ROADS:</b>		Sewerage pumps	15
Motorways	15	Sludge machines	15
Other roads	10		
Traffic islands	10	<b>PEDESTRAIN MALLS:</b>	
Traffic lights	20	Footways	20
Street lights	25	Kerbing	20
Overhead bridges	30	Paving	20
Stormwater drains	20		
Bridges, subways and culverts	30	<b>AIRPORTS:</b>	20
Car parks	20	Taxiways	20
Bus terminals	20	Runways	20
		Aprons	20
		Airport and radio beacons	20
<b>WATER</b>		<b>SECURITY</b>	
Meters	15	Fencing	3
Mains	20	Security systems	5
Rights	20	Access control systems	5
Supply and reticulation networks	20		
Reservoirs and storage tanks	20		
<b>COMMUNITY ASSETS</b>		<b>COMMUNITY ASSETS</b>	
<b>RECREATIONAL FACILITIES</b>		<b>BUILDINGS</b>	
Bowling greens	20	Ambulance stations	100
Tennis courts	20	Aquariums	100
Swimming pools	20	Beach developments	100
Golf courses	20	Care centres	100
Jukskei pitches	20	Cemeteries	100
Outdoor sport facilities	20	Civic theatres and community centres	100
Organ	20	Clinics and hospitals	100
Lakes and dams	20	Game reserves and rest camps	100
Fountains	20	Stadiums and indoor sports	100
Flood lights	20	Museums and galleries	100
		Parks and public conveniences	100
		Recreational centres and zoo	100



## SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

### OTHER ASSETS

#### BUILDINGS

Abattoirs	100
Asphalt plant	100
Cable stations	100
Caravan Parks	100
Bioscope	100
Compacting stations	100
Hostels for public / tourists	100
Hostels for employees	100
Housing schemes	100
Kilns	100
Laboratories	100
Markets	100
Nurseries	100
Office buildings	100
Old age homes	100
Quarries	100
Tip sites	100
Training centres	100
Transport facilities	100
Workshops and depots	100

#### OFFICE EQUIPMENT

Computer hardware	5
Computer software	3-5
Office machines	3-5
Air conditioners	5-7

#### FURNITURE AND FITTINGS

Chairs	7-10
Tables and desks	7-10
Cabinets and cupboards	7-10
Sundry	7-10

#### BINS AND CONTAINERS

Household refuse bins	5
Bulk refuse containers	10

### OTHER ASSETS

#### EMERGENCY EQUIPMENT

Other fire fighting equipment	15
Ambulances	5-10
Fire hoses	5
Emergency lights	5

#### MOTOR VEHICLES

Fire engines	20
Buses	15
Motor vehicles	5-7
Motorcycles	3
Trucks and light delivery vehicles	5-7

#### AIRCRAFT

15

#### WATERCRAFT

15

#### PLANT AND EQUIPMENT

Graders	10-15
Tractors	10-15
Mechanical horses	10-15
Farm equipment	5
Lawn mowers	2
Compressors	5
Laboratory equipment	5
Radio equipment	5
Firearms	5
Telecommunication equipment	5
General	5
Cable cars	15
Irrigation systems	15
Cremators	15
Lathes	15
Machining equipment	15
Conveyors	15
Feeders	15
Tippers	15
Pulverising mills	15

# APPENDIX H



**GA-SEGONYANA MUNICIPALITY**



**SUPPLY CHAIN  
MANAGEMENT POLICY**

**MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY  
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003**

Reviewed by Council on .....



# **MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003**

## **SUPPLY CHAIN MANAGEMENT POLICY REVIEW AND ADOPTION PROCESS**

<b>Adoption and Review</b>	<b>Council Resolution Date</b>	<b>Council Resolution Number</b>

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## Definitions

1. In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

**“competitive bidding process”** means a competitive bidding process referred to in paragraph 12(1)(d) of this policy;

**“competitive bid”** means a bid in terms of a competitive bidding process;

**“final award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

**“formal written price quotation”** means quotations referred to in paragraph 12(1) (c) of this policy;

**“in the service of the state”** means to be –

(a) a member of –

- (i) any municipal council;
- (ii) any provincial legislature; or
- (iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(e) a member of the accounting authority of any national or provincial public entity; or

(f) an employee of parliament or provincial legislature;

**“long term contract”** means a contract with a duration period exceeding one year;

**“list of accredited prospective providers”** means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

**“municipality”** means Ga-Segonyana Local Municipality

**“other applicable legislation”** means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000)
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

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**“senior manager”** means head of department;

**“treasury guidelines”** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

**“the Act”** means Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003);

**“the regulations”** means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

**“written or verbal quotations”** means quotations referred to in paragraph 12(1)(b) of this Policy.

**CHAPTER 1**  
**IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

**Supply Chain Management Policy**

- 2. (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –**
- (a) gives effect to –
    - (i) Section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective
  - (c) complies with –
    - (i) the Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
  - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This policy applies when the municipality –**
- (a) procures goods or services;
  - (b) disposes goods no longer needed;
  - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal System Act applies; or
  - (d) selects external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.



- (3) **This policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –**
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - (b) electricity from Eskom or another public entity, another municipality or a municipal entity;

#### **Amendment of the Supply Chain Management Policy**

3. (1) **the Accounting officer must –**
- (a) at least annually review the implementation of this policy; and
  - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
- (2) **If the Accounting Officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the Accounting Officer must –**
- (a) ensure that such proposed amendments comply with the regulations; and
  - (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) **When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.**

#### **Delegation of Supply Chain Management powers and duties**

4. (1) **The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the Accounting Officer –**

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- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -
    - (i) Chapter 8 or 10 of the Act; and
    - (ii) this Policy;
  - (b) to maximise administrative and operational efficiency in the implementation of this policy;
  - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this policy; and
  - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Section 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an Accounting Officer in terms of subparagraph (1).
- (3) The Accounting Officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

**Sub-delegations**

5. (1) The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this policy.
- (2) The power to make a final award –
- (a) above R10 million (Vat included) may not be sub-delegated by the accounting officer;

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- (b) above R2 million (Vat included), but not exceeding R10 million (vat included), may be sub-delegated but only to –
    - (i) the Chief Financial Officer;
    - (ii) a senior manager; or
    - (iii) bid adjudication committee of which the chief financial officer or a senior manager is a member, or
  - (c) not exceeding R2 million (vat included) may be sub-delegate but only to –
    - (i) the Chief Financial Officer;
    - (ii) a senior manager,
    - (iii) a manager directly attributable to the chief financial officer or a senior manager, or
    - (iv) a bid adjudication committee,
- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including –**
- (a) the amount of the award;
  - (b) the name of the person to whom the award was made; and
  - (c) the reason why the award was made to that person.
- (4) A written report to in subparagraph (3) must be submitted –**
- (a) to the accounting officer, in the case of an award by –
    - (i) the chief financial officer;
    - (ii) a senior manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
  - (b) to the chief financial officer or senior manager responsible for the relevant bid, in the case of an award by -

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- (i) a manager referred to in subparagraph (2)(c)(iii); or
  - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

**Oversight role of Council**

6. (1) The council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must –
- (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
  - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council, who must then submit the report to the accounting officer of the parent municipality for submission to the council

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- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

**Supply Chain Management Unit**

- 7. (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

**Training of Supply Chain Management Officials**

- 8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

## **CHAPTER 2**

### **SUPPLY CHAIN MANAGEMENT SYSTEM**

#### **Format of supply chain management system**

9. This Policy provides systems for –
- (i) demand management;
  - (ii) acquisition management;
  - (iii) logistics management;
  - (iv) disposal management;
  - (v) risk management; and
  - (vi) performance management.

#### *Part 1: Demand management*

#### **System of demand management**

10. (1) **The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.**
- (2) **The demand management system must –**
- (a) include timely planning and management processes to ensure that all goods and services required by **the municipality** quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
  - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
  - (c) provide for the compilation of the required specifications to ensure that its needs are met.
  - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

***Part 2: Acquisition management***

**System of acquisition management**

**11. (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –**

- (a) that goods and services are procured by the **municipality** accordance with authorised processes only;
- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) that the threshold values for the different procurement processes are complied with;
- (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
- (e) that any Treasury guidelines on acquisition management are properly taken into account.

**(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including –**

- (a) the kind of goods or services; and
- (b) the name of the supplier.

**Range of Procurement Processes**

**12. (1) Goods and services may only be procured by way of –**

- (a) written or verbal quotations for procurements of a transaction value over R1 up to R3 000 (VAT included);
- (b) formal written price quotations for procurements of a transaction value over **R3 000** up to R200 000 (VAT included);
- (c) a competitive bidding process for–
  - (i) procurements above a transaction value of R200 000 (VAT included); and



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- (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
  - (b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than **R3 000**;
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction between **R3, 000.00 and R30 000**; or
    - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200, 000.00
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

**General preconditions for consideration of written quotations or bids**

**13.** A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has furnished that provider's –
  - (i) full name;
  - (ii) identification number or company or other registration number; and
  - (iii) tax reference number and VAT registration number, if any;
- (b) has authorised the **municipality** obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

- (c) has indicated –
- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
  - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
  - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

**Lists of accredited prospective providers**

**14. (1) The accounting officer must –**

- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
  - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
  - (c) specify the listing criteria for accredited prospective providers; and
  - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.**
- (3) The list must be compiled per commodity and per type of service.**

**Written or verbal quotations**

15. The conditions for the procurement of goods or services through written or verbal quotations, are as follows:
- (a) Quotation must be obtained from ONE provider preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the **municipality** provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
  - (b) to the extent feasible, providers must be requested to submit such quotations in writing;
  - (c) if it is not possible to obtain one quotation, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
  - (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
  - (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

**Formal written price quotations**

16. (1) **The conditions for the procurement of goods or services through formal written price quotations, are as follows:**
- (a) quotations must be obtained in writing from at least THREE different providers whose names appear on the list of accredited prospective providers of the **municipality**;
  - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
  - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
  - (d) the accounting officer must record the names of the potential providers and their written quotations.
- (2) **A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.**

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**Procedures for procuring goods or services through written or verbal quotations and formal written price quotations.**

17. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:
- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
  - (b) all requirements in excess of R30 000 (Vat Included) but not exceeding R200 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 16, be advertised for at least seven days on the website and an official notice board of the **municipality**
  - (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
  - (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
  - (e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
  - (F) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

**Competitive bids**

18. (1) **Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.**
- (2) **No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.**

**Process for competitive bidding**

19. The procedures for the following stages of a competitive bidding process are as follows:
- (a) Compilation of bidding documentation as detailed in paragraph 20
  - (b) Public invitation of bids as detailed in paragraph 21;
  - (c) Site meetings or briefing sessions as detailed in paragraph 21;
  - (d) Handling of bids submitted in response to public invitation as detailed in paragraph 22;
  - (e) Evaluation of bids as detailed in paragraph 27;
  - (f) Award of contracts as detailed in paragraph 28;
  - (g) Administration of contracts
    - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
  - (h) Proper record keeping
    - (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

**Bid documentation for competitive bids**

20. The criteria to which bid documentation for a competitive bidding process must comply, must –
- (a) take into account –
    - (i) the general conditions of contract and any special conditions of contract, if specified;
    - (ii) any Treasury guidelines on bid documentation; and
    - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

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- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
    - (aa) for the past three years; or
    - (bb) since their establishment if established during the past three years;
  - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
  - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
  - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

**Public invitation for competitive bids**

**21. (1) The procedure for the invitation of competitive bids, is as follows:**

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the **municipality** or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement, must include –

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- (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
  - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
  - (ii) date, time and venue of any proposed site meetings or briefing sessions.;
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

**Procedure for handling, opening and recording of bids**

**22.** The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
  - (i) must be opened only in public;
  - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - (iii) received after the closing time should not be considered and returned unopened immediately.
- (a) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (b) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and



- (d) The accounting officer must –
- (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection; and
  - (iii) publish the entries in the register and the bid results on the website.

#### **Negotiations with preferred bidders**

23. (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
  - (b) is not to the detriment of any other bidder; and
  - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

#### **Two-stage bidding process**

24. (1) A two-stage bidding process is allowed for –
- (a) large complex projects;
  - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

#### **Validity Periods**

25. Extension of the validity period –
- 1. The period for which bids are to remain valid and binding must be indicated in the bid document;

2. The validity period is calculated from bid closure date and bids shall remain in force and binding until the end of the final day of that period;
3. The responsible official for the bid must take all possible steps to ensure the bids are evaluated and adjudicated within the validity period;
4. This period of validity may be extended, provided that the original validity period has not expired. The period of extension must be agreed to by both the municipality and the bidder within a reasonable period, but may not exceed a further period of ninety (90) days;
5. The responsible official must ensure that all bidders (responsive or non-responsive) are given an opportunity to extend the validity period to ensure that bids are valid throughout the evaluation period or until the award is finalised;
6. All bidders (responsive and non-responsive) must inform the municipality in writing whether they agree to extend the validity period or not before the expiry date of the original validity period;
7. The responsible official must ensure that it is clearly indicated in the letter to request extension of the validity period that failure by the bidder to respond would lead thereto that the bidder refuses to extend the validity period and be deemed to have withdrawn the bid from the evaluation processes;
8. A bidder must indicate in the extension document whether he/she is willing to proceed with the bid at a tendered amount, or any conditions as set out in the offer, after the original validity has expired;

#### **Submission of Bids**

26. Bids must be submitted in accordance with the invitation to bid –

1. Bids must be submitted before the closing time, at the address and in accordance with the directives in the bid document;
2. Each bid must be in writing using non-erasable ink and must be submitted on the official Form of Offer/ Bid issued with the bid document. Only one (1) offer from bidding entity will be accepted;
3. The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title on the outside of the envelope. The envelope may not contain documents relating to any other bid other than shown in the envelope. Only sealed bids will be accepted. The municipality may accept bids where envelopes have been inadvertently marked with the name of the bidder.
4. Postal bids shall not be accepted for consideration, nor shall proof of posting or proof delivery by post be accepted as proof that bids were delivered if received after closing date of bid;
5. Electronic bids will Not be accepted;
6. No person may amend or tamper with any bids or quotations after their submission.

#### Committee system for competitive bids

27. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
  - (a) a bid specification committee;
  - (b) a bid evaluation committee; and

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- (c) a bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
  - (a) paragraph 28, 29 and 30 of this Policy; and
  - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

**Bid specification committees**

28. (1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.
- (2) Specifications –
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
  - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
  - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

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- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
  - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
  - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
  - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 21 of this Policy.
- (3) **A bid specification committee must be composed of one or more officials of the municipality preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.**
- (4) **No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.**

**Bid evaluation committees**

29. (1) **A bid evaluation committee must –**
- (a) evaluate bids in accordance with –
    - (i) the specifications for a specific procurement; and
    - (ii) the points system set out in terms of paragraph 28(2)(f).
  - (b) evaluate each bidder’s ability to execute the contract;
  - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
  - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

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- (2) **A bid evaluation committee must as far as possible be composed of-**
- (a) officials from departments requiring the goods or services; and
  - (b) at least one supply chain management practitioner of the **municipality**.

**Bid adjudication committees**

**30. (1) A bid adjudication committee must –**

- (a) consider the report and recommendations of the bid evaluation committee; and
- (b) either –
  - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
  - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

**(2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –**

- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
- (b) at least one senior supply chain management practitioner who is an official of the **municipality**; and
- (c) a technical expert in the relevant field who is an official, if such an expert exists.

**(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.**

**(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.**

**(5) (a) If the bid adjudication committee decides to award a bid other than the**

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**one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –**

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
  - (ii) notify the accounting officer.
- (b) The accounting officer may –
  - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
  - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days

#### **Extension or expansion of contracts**

**31.**

1. Any increase in the approved contract sum or contract period (in respect of annual bids) that may become necessary as a result of exceptional circumstances during the contract period, must be approved by the bid adjudication committee.
2. Where the community participation has been a part of the project, the community must be advised of the proposed increase and be invited to provide written comments;



3. The period of the extension of the contract may not exceed a period of more than six (06) months.

#### Accommodation

##### 3.2. Procurement of accommodation services -

1. The municipality may request quotation from only one service provider for accommodation, where the municipal official has to stay overnight outside the jurisdiction of the municipality.

#### Procurement of banking services

##### 33. (1) A contract for banking services –

- (a) must be procured through competitive bids;
- (b) must be consistent with section 7 or 85 of the Act; and
- (c) may not be for a period of more than five years at a time.

- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 21(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

#### Procurement of IT related goods or services

34. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

- 
- (3) **The accounting officer must notify SITA together with a motivation of the IT needs if –**
- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) **If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.**

**Procurement of goods and services under contracts secured by other organs of state**

35. (1) **The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –**
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) there is no reason to believe that such contract was not validly procured;
  - (c) there are demonstrable discounts or benefits to do so; and
  - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) **Subparagraphs (1)(c) and (d) do not apply if –**
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
  - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

**Procurement of goods necessitating special safety arrangements**

36. (1) **The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.**

- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

#### **Proudly SA Campaign**

37. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
- Firstly – suppliers and businesses within the municipality or district;
  - Secondly – suppliers and businesses within the relevant province;
  - Thirdly – suppliers and businesses within the Republic.

#### **Appointment of consultants**

38. (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if -
- (a) the value of the contract exceeds R200 000 (VAT included); or
- (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

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**Deviation from, and ratification of minor breaches of, procurement processes**

**39. (1) The accounting officer may –**

- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
  - (i) in an emergency;
  - (ii) if such goods or services are produced or available from a single provider only;
  - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
  - (iv) acquisition of animals for zoos and/or nature and game reserves; or
  - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

**Unsolicited bids**

- 40. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.**
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

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- 
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) the person who made the bid is the sole provider of the product or service; and
  - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) **If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –**
- (a) reasons as to why the bid should not be open to other competitors;
  - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
  - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) **The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.**
- (5) **The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.**
- (6) **A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.**
- (7) **When considering the matter, the adjudication committee must take into account–**
- (a) any comments submitted by the public; and

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- 
- (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

**Combating of abuse of supply chain management system**

**41. (1) The accounting officer must–**

- (a) take all reasonable steps to prevent abuse of the supply chain management system;
- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
- (i) take appropriate steps against such official or other role player; or
- (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
- (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the **municipality**, or to any other municipality or municipal entity, are in arrears for more than three months; or

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- (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the **municipality** or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
  - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
  - (i) has abused the supply chain management system of the **municipality** or has committed any improper conduct in relation to such system;
  - (ii) has been convicted for fraud or corruption during the past five years;
  - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

*Part 3: Logistics, Disposal, Risk and Performance Management*

**Logistics management**



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42. The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

**Disposal management**

43. (1) **The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows: council**
- (i) That once a year a list of redundant and obsolete assets be made by all departments and the list be submitted to Council for approval and then be auctioned.
- (2) **Assets may be disposed of by –**
- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

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- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - (iii) selling the asset; or
  - (iv) destroying the asset.
- (3) **The accounting officer must ensure that –**
- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
  - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
  - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
  - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
  - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
  - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

**Risk management**

44. (1) **The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:**
- (2) **Risk management must include –**
- (a) the identification of risks on a case-by-case basis;
  - (b) the allocation of risks to the party best suited to manage such risks;

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- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

**Performance management**

45. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

*Part 4: Other matters*

**Prohibition on awards to persons whose tax matters are not in order**

46. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

**Prohibition on awards to persons in the service of the state**

47. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
- (a) who is in the service of the state;
  - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
  - (c) a person who is an advisor or consultant contracted with the **municipality**.

**Awards to close family members of persons in the service of the state**

48. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
  - (b) the capacity in which that person is in the service of the state; and
  - (c) the amount of the award.

**Ethical standards**

49. (1) A code of ethical standards as set out in the *“National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management”* hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –
- (a) mutual trust and respect; and
  - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

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(2) **An official or other role player involved in the implementation of this Policy –**

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the **municipality**;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must be scrupulous in his or her use of property belonging to **municipality**;
- (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
  - (i) any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
  - (iii) any alleged breach of this code of ethical standards.

(3) **Declarations in terms of subparagraphs (2)(d) and (e) -**

- (a) must be recorded in a register which the accounting officer must keep for this purpose;
- (b) by the accounting officer must be made to **the mayor of the municipality** who must ensure that such declarations are recorded in the register.

- 
- (4) **The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.**
- (5) **A breach of the code of ethics must be dealt with as follows -**
- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
  - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
  - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

**Inducements, rewards, gifts and favours to [municipalities / municipal entities], officials and other role players**

50. (1) **No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –**
- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
  - (b) any reward, gift, favour or hospitality to –
    - (i) any official; or
    - (ii) any other role player involved in the implementation of this Policy.
- (2) **The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.**
- (3) **Subparagraph (1) does not apply to gifts less than R350 in value.**

#### **Sponsorships**

- 51.** The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or
  - (b) a recipient or prospective recipient of goods disposed or to be disposed.

#### **Objections and complaints**

- 52.** Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

#### **Resolution of disputes, objections, complaints and queries**

- 53. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –**
- (a) to assist in the resolution of disputes between the **municipality** and other persons regarding -
    - (i) any decisions or actions taken in the implementation of the supply chain management system; or
    - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
  - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.**
- (3) The person appointed must –**



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- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
  - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) **A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –**
- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
  - (b) no response is forthcoming within 60 days.
- (5) **If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.**
- (6) **This paragraph must not be read as affecting a person's rights to approach a court at any time.**

**Contracts providing for compensation based on turnover**

54. If a service provider acts on behalf of a **municipality** to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the **municipality** must stipulate –

- (a) a cap on the compensation payable to the service provider; and
- (c) that such compensation must be performance based.

**Commencement**

55. This Policy takes effect from the date in which it is adopted by the Council.

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.....  
G. E NTEFANG.  
ACCOUNTING OFFICER

.....  
DATE

**EVALUATION METHODS**

**ANNEXURE A**

The following preferential points system shall be applied for all procurement equal to or above R30 000.00. However, these prescripts may be applied for procurement with a value less than R30 000.00, if and when appropriate.

The formulae to be utilised in calculating points scored for price are as follows:

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80/20 Preference point system [(for acquisition of services, works or goods up to a Rand value of R1million) (all applicable taxes included)]

$$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

$P_s$  = Points scored for comparative price of bid or offer under consideration

$P_t$  = Comparative price of bid or offer under consideration

$P_{\min}$  = Comparative price of lowest acceptable bid or offer.

Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (80/20)
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

90/10 Preference point system [(for acquisition of services, works or goods with a Rand value above R1million) (all applicable taxes included)]

$$P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

$P_s$  = Points scored for comparative price of bid or offer under consideration

$P_t$  = Comparative price of bid or offer under consideration

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$P_{min}$  = Comparative price of lowest acceptable bid or offer.

Calculation of points for B-BBEE status level of contributor

Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

Notwithstanding the preference points system to be followed in terms of this policy, the Municipality may, on recommendation of the **Municipal Manager**, acting in terms of Section 2 (1)f) of the Preferential Procurement Policy Framework Act 5 of 2000 read with Regulation 9 of the Regulations made in terms thereof, on grounds which are reasonable and justifiable in order to achieve and/or maximise the procurement priorities/objectives outlined in this policy document, award the BID to the bidder other than the bidder that scored highest points.

# APPENDIX I

# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **REVIEWED TRAVEL AND SUBSITENCE POLICY**

## 1. Introduction

- 1.1 The current travel and subsistence procedures have been applied and followed for the past years and have become outdated as circumstances have changed and costs have increased with inflation.
- 1.2 Officials and councilors are required from time to time to travel away from the office in order to meet other role players, attend workshops and official functions. And often these councilors and officials are required to use their own transport and need to be reimbursed for the cost incurred.
- 1.3 An updated Travel and Subsistence Policy that take the above scenario into account has become necessary.

## 2. Purpose of the Policy

The purpose of this policy is to:

Ensure that all travel and subsistence costs incurred by the Municipality are done as efficiently and effectively as possible.

Ensure that councilors and officials are reimbursed fairly and consistently for the cost incurred while traveling to perform municipal duties.

## 3. Application

This policy applies to:-

- 3.1 all councilors of Ga-Segonyana Local Municipality; and
- 3.2 all officials Ga-Segonyana Local Municipality
- 3.3 relevant stakeholders of Ga-segonyana Local Municipality

Who are travelling on official business and as such are formal representatives of GaSegonyana municipality.

## 4. Legal Framework

In terms of Section 66 of the MFMA No.56 of 2003 the accounting officer of the municipality must, in format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation.

The following legislation will be applied.

- Department of Finance Tariff guidelines
- SALGA's Councillors Hand Book
- Department of Cooperative Governance and Traditional Affairs No R. 12225 – Remuneration of Public Office bearers (Act No. 20. of 1998)

## 5. Definitions and Abbreviations

- HOD – Head of Department



- **MM** – Municipal Manager
- **SARS** – South African Revenue Services
- **SALGA** – South African Local Government Association
- **BTO** – Budget and Treasury Office
- **Partner** – By partner the policy refers to somebody who is married in terms of civil or Traditional Marriage.

## **6. Subsistence and travel allowance**

### **6.1 Privately Owned Vehicle and Subsistence allowance**

- 6.1.1 A subsistence allowance does not cover any personal recreation such as alcoholic beverages, private telephone calls, visits to a cinema, theatre, nightclubs or sightseeing.
- 6.1.2 For privately owned vehicle claimant shall be paid at the current SARS tariffs per kilometer to be implemented from 1 July of each financial year.
- 6.1.3 All officials of Ga-segonyana Municipality that qualifies for car allowance must use their private vehicles and claim for the kilometers travelled as per private tariffs for all official trips travelled outside Ga-segonyana boundaries. A log sheet should be kept for claiming kilometers travelled within the boundaries of the Ga-segonyana local Municipality.
- 6.1.3 Staff members and councilors residing outside Kuruman Town, will make prior arrangements with the relevant HOD or the Municipal Manager in order to utilize the municipal car on arrival from an official trip.
- 6.1.4 In a case where a private transport was used to transport an official to and from home, the kilos can be claimed, and in a case where a vehicle scheme transport was used, the kilos can be included in the log book. (Prior arrangements will be done with the relevant Head of Department or the Municipal Manager).
- 6.1.5 The total traveling distance shall be calculated from and to the Ga-Segonyana District Municipal offices in Kuruman, clause 6.3 and 6.4 will be considered in consultation with the Head of Department and the Municipal Manager.
- 6.1.6 Councillors will only claim for kilometers travelled, part time councilors will be allowed to claim from where they reside, whereas fulltime councilors will claim from the GA-SEGONYANA LOCAL premises, except during weekends and or public holidays.
- 6.1.7 In the event there is a need for officials and councilors to travel to the same meeting they should at least travel in a pair of two per vehicle.
- 6.1.8 Whenever two people travel in one car, an indemnity form designed for this purpose should be signed by all parties. The form should specify the names of the people, the fact that the employer will take the risks and the details of the meetings they will attend.
- 6.1.9 Should an accident happen while two people were travelling in one car, the case will be handled as an injury on duty, and all claims and procedures on the Compensation and Injuries and Diseases Act no 130 of 1993 will be followed.

## 6.2 Public Transport

- 6.2.1 For public transport proof of payment must be furnished.

## 6.3 Accommodation and Subsistence Allowance

- 6.3.1 Overnight accommodation shall only be allowed in cases where the traveling time from Ga-Segonyana Municipal Offices to the venue is more than two hours after the official starting time (07:30) of the Municipality.
- 6.3.2 Overnight accommodation shall also be allowed in cases where traveling from the venue to Ga-Segonyana Municipal Office is after 18:00, and 16:00 in cities where traffic congestion is a challenge.
- 6.3.3 The following two options are available in cases where an overnight accommodation is required:
- 6.3.4 The actual cost of accommodation will be borne by the Municipality, subject to a maximum of **R1 000.00 per night (and R1500.00 for Mayor, Speaker and MM and their protocol drivers)** (including tourism levy) for the accommodation itself in respect of domestic travel. Where such accommodation is available, the applicable rate will be paid in advance by the Municipality. For cities where accommodation is more expensive, an amount of **R1500.00 and (R1 800 for Mayor, Speaker and Municipal Manager and their protocol drivers)** will be paid.
- 6.3.5 **Subsistence allowance will be paid in terms of the prescribed SARS tariffs, as determined from time to time.**
- 6.3.6 If a Municipality representative stays with a relative or friend, no accommodation allowance may be claimed, but the representative may claim an overnight allowance of **R500** per day.
- 6.3.7 Where it is not necessary to overnight, no accommodation cost will be paid, and a subsistence allowance will be paid if a councilor or official was away for four hours and more on an official visit. The daily subsistence tariffs will be determined by SARS, from time to time.
- 6.3.8 Should a need arise for an official/Councillor in the municipality to visit a particular Department, a stakeholder, a municipality outside the Ga-Segonyana local municipality, or to perform duties outside as according to his weekly/monthly plan, a letter of motivation and or a weekly plan will be submitted to a supervisor. If a motivation letter or a weekly plan approved, the same documents will be used as proof for the purpose of claims and accommodation by the BTO.

## 6.4 Travel allowances for persons invited for interviews

- 6.4.1 No subsistence cost will be paid to a candidate invited for an interview, the tariffs of **Department of Transport will be used** if the candidate has to travel more than 50 km to attend the interview.

## 6.5 Incidental Expenses

The following expenses incurred must be paid for by the claimant and reclaimed back from the Municipality:

6.6.1 Toll fees

6.6.2 Parking fees

## **6.6 Traveling to Foreign Countries**

6.6.1 The cost of accommodation for international travel may not exceed **US \$ 400 per day**.

6.6.2 If a councilor or official is travelling to a country where a currency is lessor or equal to the rand, the claim will be paid according to the rand, as per the 6.4.5 in the S&T policy.

6.6.3 If a councilor or official is travelling to a country with a currency that is more than the rand, the claim will be paid in terms of the US dollar.

6.6.4 If a councilor or official is travelling to a country with a currency that is more than the US dollar, the claim will be paid in terms of the currency of that country.

## **7. Capacity Building and Workshops arranged by Municipality**

7.1 All officials and Councilors traveling for capacity building or workshop purposes are entitled to accommodation and daily expenses in paragraph 6.4 and 6.7 respectively.

## **8. Traveling by flight**

When traveling alone, councilors and staff members will be allowed to use the services of a flight, subject to the availability of funds.

8.1 If more than one person is traveling, a private car or a municipal car will be used.

8.2 Only the economy class can be used for both the local and international flights.

8.3 For international flights, payment will be done subject to a council resolution.

8.4 Prior arrangements to obtain a rental car will be made.

## **9. Councilors Traveling Allowance**

The traveling allowance to Councilors shall be as follows:

9.1 A fixed allowance based on a percentage of the salary of the full-time Councilors concerned as determined in terms of the regulations, which percentage may not exceed 25%; or

9.2 An allowance in respect of kilometers traveled during the performance of official functions on behalf of the Municipality not exceeding the applicable tariffs prescribed by the Department of Transport of the use of privately owned vehicle.

9.3 In addition the other allowances referred to in subparagraph (9.1 and 9.2) a further allowance regarding kilometers traveled in respect of the performance of official functions on behalf of the Municipality outside the jurisdiction of the District not exceeding the applicable tariffs prescribed by the Department of Transport for use private vehicles.

- 9.4 A Councilor must elect one of the options in subparagraph 9.1 or 9.2 at the beginning of each financial year of the Municipality: Provided that a Councilor, other than a full time Mayor of full-time Mayor where applicable, may not receive any allowance provided for in subparagraph 9.1 and 9.2 where the Municipal Council makes a vehicle available to that Councilor.
- 9.5 In addition to the allowance provided for in this paragraph, a Councilor may utilize a Council owned vehicle when performing a ceremonial function as determined by the Municipal Council.

## 10 Repayment of claims

The claimant shall be required to pay back the money under the following circumstances:

- 10.1 Should the meeting or trip be cancelled the Budget and Treasury Office must be informed immediately.
- 10.2 If the meeting is cancelled before the trip is undertaken and claims were already done the, claimed money must be paid back in full to the Budget and Treasury Office.
- 10.3 Should an official or a councilor insist on travelling even though s/he was aware of the cancellation, the money will be recovered from her/him by the BTO.
- 10.4 All suspicions of fraudulent claims and wasteful expenses related to this policy must be investigated and appropriate sanctions be carried out.

## 12. Claims for Traditional leaders.

- 12.1 Traditional leaders who are sitting in the Ga-segonyana Local Municipality Council will only claim for council meetings attended.

## 13 Claims Procedures

The following procedures are to be followed in all the travel and subsistence claims:

- 13.1 The official travel and subsistence claim form of the municipality to be completed by the claimant.
- 13.2 The necessary supporting documentation must be attached to the claim form.
- 13.3 The claim form must be **co signed** by the Speaker in the case of Councilors, and the Municipal Manager/the relevant HOD. The Municipal Manager/his/her delegate will sign official's claims.
- 13.4 All travel and subsistence form to be finally approved by the Municipal Manager/Acting Municipal Manager,/Head of Department or **Assistant Managers**.
- 13.5 **The Municipal Managers claim forms will be signed by the section 57 manager and be co signed by the Mayor.**
- 13.6 The completed and approved claim forms must then be submitted to the Budget and Treasury Office for processing.

13.7 The travel and subsistence claim forms shall be processed as follows by the Budget and Treasury Office.

13.8 All claims for payment must reach the Budget and Treasury Office before 13:00 of the day preceding the claim payment day or else the payment shall be delayed to the next claim payment day.

13.9 All payment (as much as possible) shall be done electronically into individual account.

13.10 It is the sole duty of individual claimant to ensure that the completed claim form reaches the Budget and Treasury office timeously.

#### **14 Delegated Powers**

The following powers are delegated in terms of this policy:

14.1 All the travel and subsistence claims forms to be finally approved by the Municipal Manager, Acting Municipal Manager, HOD or Senior Managers.

14.2 All the travel and subsistence claim forms of Councilors to be approved by the Speaker

14.3 All the travel and subsistence claim forms of officials to be approved by their respective HOD or Assistant HOD.

14.4 **In the absence of an HOD the Assistant manager will have signing powers. A manager from other Department may not sign for another Department.**

#### **15 Status of the Policy**

15.1 This policy shall be effective **after approval by council.**

15.2 All applicable legislation, bargaining council agreement and Salga guidelines override this policy.

15.3 It is the responsibility of the Municipal Manager to bring the conflict between this policy and applicable legislation to the attention of the council and propose changes to eliminate such conflict.

#### **16. Review of the Policy**

This policy will be reviewed as and when required.

# APPENDIX J



# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **FUNDING AND RESERVES POLICY**



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## **1. INTRODUCTION AND OBJECTIVE**

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

## **2. SECTION A: FUNDING POLICY**

### **2.1 LEGISLATIVE REQUIREMENTS**

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes, and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – funded i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

### **2.2 STANDARD OF CARE**

Each functionary in the budgeting and accounting process must do so with judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise to the management of his or her own finances with the primary objective of ensuring that the objectives of this policy are achieved.

### **2.3 STATEMENT OF INTENT**

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

## **2.4 CASH MANAGEMENT**

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

## **2.5 DEBT MANAGEMENT**

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

## **2.6 FUNDING THE OPERATING BUDGET**

### **2.6.1 INTRODUCTION**

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

### **2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET**

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded

from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Projected revenue from property rates must include all rates to be levied, but rebates and discounts must be budgeted for as either revenue foregone or a grant, as per directive in MFMA Budget Circular 51, depending on the conditions of the exemption, rebate or reduction.

For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.

- g) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- h) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long-term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- i) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.

- j) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

It is therefore a requirement that the contribution to current provisions, as well as 20% of the prior year balance of the non current provision, is budgeted as cash surpluses until the necessary funding level is obtained.

## **2.7 FUNDING THE CAPITAL BUDGET**

### **2.7.1 INTRODUCTION**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

### **2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE**

The capital budget can be funded by way of own contributions, grants and public contributions as well as external loans.

#### **Own Contributions**

The capital budget financed from own contributions must primarily be funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

#### **Grants (Including Public Contributions)**

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

#### **External Loans**

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

## **2.8 FUNDING COMPLIANCE MEASUREMENT**

### **2.8.1 INTRODUCTION**

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

### **2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

A positive Cash and Cash Equivalents position throughout the year is crucial. In addition, the forecasted cash position at year-end must at least be the amount as calculated in the Reconciliation of Cash Requirements as determined by this policy and attached to this policy as Appendix "A".

### **2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS**

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- in addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.



#### 2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS ("CASH COVERAGE")

This indicator shows the level of risk should the municipality experience financial stress.

#### 2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS

It is almost certain that the operating budget, which includes depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that the users of the assets funded from grants, public contributions and revaluations must be burdened with tariff increases to provide for such depreciation charges. In order to ensure a "balanced" budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

#### 2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area is realistically calculated.

The formula to be used is as follows:

	DESCRIPTION	PROPERTY RATES	SERVICE CHARGES	TOTAL
A	Revenue of budget year	R XX	R XX	R XX
B	Less: Revenue of prior year	R XX	R XX	R XX
C	=Revenue increase/decrease	R XX	R XX	R XX
D	% Increase/(Decrease)	C/B %	C/B %	C/B %
E	Less: Upper limit of macro inflation target	%	%	%
F	=Growth in excess of inflation target	%	%	%
G	Less: Expected growth %	%	%	%



H	=Increase attributed to tariff Increase above macro inflation target	%	%	%
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In the event that the percentage in (h) above is greater than zero, a proper motivation must accompany the budget at submission, or the budget must be revised.

#### **2.8.7 CASH COLLECTION % RATE**

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the rate currently being obtained, even if the municipality recently approved a debt collection policy or implemented additional debt collection measures. Any improvement in collection rates during the budget year may be appropriated in an Adjustment Budget.

#### **2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE**

This indicator provides information whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance might have an influence on it. Any difference, however, must be motivated in the budget report.

#### **2.8.9 CAPITAL PAYMENTS AS A PERCENTAGE OF CAPITAL EXPENDITURE**

This indicator provides information as to the timing for payments on capital projects and utilising allowed payment terms.

#### **2.8.10 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)**

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Borrowing Policy.

#### **2.8.11 GRANTS REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE**

The percentage should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

#### **2.8.12 CONSUMER DEBTORS CHANGE (CURRENT AND NON - CURRENT)**

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

An unacceptable high increase in either current- or non- current debtors' balances should be investigated and acted upon.

#### **2.8.13 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL**

It is of utmost importance that the municipality's Property Plant and Equipment be maintained properly, in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

As a general benchmark the maintenance budget should be between 4% and 8% of the value of assets.

#### **2.8.14 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL**

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

#### **2.8.15 FINANCIAL PERFORMANCE BUDGET**

Although it is not a legal requirement that the financial performance budget should balance, it only makes management sense that it should balance.

A number of line-items influence the net result of the financial performance budget. It includes capital grant revenue, depreciation charges including those where assets were funded from grants and public contributions, unamortised discounts and gains/losses on the disposal of Property Plant and Equipment. These items need to be taken into consideration in order to establish if the operating budget is realistic and credible.

#### **2.8.16 FINANCIAL POSITION BUDGET**

This indicator provides an overall view of the projected financial position over the periods of the Medium Term Expenditure framework, including movements in inventory and payables.

#### **2.8.17 CASH FLOW BUDGET**

A positive cash flow is a good indicator of a balanced budget, as well as the ability of the municipality to meet its future commitments.

The cash flow budget, however, does not include those items such as contributions to the provisions described elsewhere in this policy, the effect of depreciation charges etc, and care must be taken not to let a projected positive cash inflow lead to additional expenditure requests, without taking the requirements of those items into consideration.

### **3. SECTION B: RESERVES POLICY**

#### **3.1 INTRODUCTION**

Fund accounting historically formed a huge part of municipal finance in the IMFO standards.

Since the municipality changed to General Recognised Accounting Practices (GRAP), fund accounting is no more allowed.

The municipality, however, recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

#### **3.2 LEGAL REQUIREMENTS**

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

### **3.3 TYPES OF RESERVES**

Reserves can be classified into two main categories being "cash funded reserves" and "non – cash funded reserves".

#### **3.3.1 CASH FUNDED RESERVES**

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

**(a) Capital Replacement Reserve (CRR)**

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance– or other operating expenditure.

The CRR must be cash-backed and the Accounting Officer is hereby delegated to determine the contribution to the CRR during the compilation of the annual financial statements.

**(b) Employee benefits reserve**

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

**(c) Non-current provisions reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non – current provisions.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

**(d) Valuation reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation and the Accounting Officer is hereby delegated to determine this amount annually during the compilation of the annual financial statements.

**(e) Other statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

### **3.3.2 NON – CASH FUNDED RESERVES**

It might be necessary to create non – cash funded reserves for a variety of reasons, including GRAP requirements. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required.

The Accounting Officer is hereby delegated and may also in the discretion of the Accounting Officer, create reserves for future depreciation offsetting, in the absence of a standard similar to IAS 20.

## **3.4 ACCOUNTING FOR RESERVES**

### **3.4.1 REVALUATION RESERVE**

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

### **3.4.2 OTHER RESERVES**

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

## **4. SECTION C: REVIEW OF THE POLICY**

This Funding and Reserves Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

## **APPENDIX A**

### **RECONCILIATION OF CASH REQUIREMENTS**

Cash flow from operating activities		R XX
Add : Depreciation from own funds		R XX
Add : Contribution to current provisions		R XX
Add : 20% of prior year non – current provisions balance		R XX
Add : 5% of prior year non – current employee benefits balance		R XX
Add : Contribution to Valuation reserve		R XX
Add : Unspent conditional grants		R XX
Add : Unspent public contributions		R XX
Add : Unspent borrowings		R XX
Add : VAT due to SARS		R XX
Add : Secured investments		R XX
Add : Cash portion of Statutory Reserves	R XX	
Add : Working Capital Requirements		R XX
= Minimum Cash Surplus Requirements for the year		R XX

# APPENDIX K



# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **BORROWING POLICY**

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## **1. INTRODUCTION**

In terms of Chapter 6 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), (The "Act") the Municipality may incur long- and short-term Borrowing, subject to certain conditions.

The Municipality sometimes need additional bridging funding for over short-term periods and to finance long-term projects (capital projects).

This Borrowing Policy provides for the Municipality to obtain short- and long-term Borrowing and set out all conditions under which the Municipality will be entitled to obtain such Borrowing.

**All employees of the Municipality should adhere to this policy.**

## **2. POLICY FRAMEWORK**

This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term Borrowing, to ensure sufficient management of Borrowing. The policy includes the following:

- Objectives of the policy
- Due diligence
- Delegations
- Management and Internal Control Procedures
- Borrowing Management
- Types of Borrowing
- Securities for Borrowing
- Approval procedures
- Cost of Borrowing
- Competitive selection of bids
- Types of Borrowing and financing sources
- Commission and discounts
- Forbidden activities
- Reporting and monitoring of requirements
- Review of the policy

## **3. OBJECTIVES**

The objectives of this policy are to ensure optimal performance with the lowest possible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.

#### **4. DUE DILIGENCE**

Each official involved in the process of Borrowing must do so with such judgments and care, under prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in managing his or her own affairs and with his or her primary goal to protect the Municipality's cash resources, the Municipality's interests with its funders, and in general the Municipality's good name.

Speculation may not be undertaken in any of the processes.

#### **5. DELEGATIONS**

The management of all cash resources of the Municipality is the responsibility of the Municipal Manager. The Municipal manager will be responsible for:

- the proper implementation of this policy;
- developing of a relevant system for delegation which will ensure administrative as well as operational effectiveness; and
- appropriate controls on balancing of the management of cash resources

The Chief Financial Officer, as designated in writing by the Municipal Manager, should advise the Municipal Manager on the exercise of powers and duties with regard to this policy, and assist the Municipal Manager in the administration of the cash resources, bank accounts and Borrowing account.

The Municipal Manager may not delegate any powers or duties in the administration of the Municipality's cash resources to any political structure or councilor and no council member is allowed to interfere or attempt to interfere in the management of the Municipality's cash resources.

Any delegation by the Municipal Manager in terms of this policy:

- Must be in writing.
- Is subject to any restrictions and conditions as the Municipal Manager shall prescribe.
- May be either to a specific individual or to the holder of a specific position in the Municipality and may not be a committee of officials.
- Can not deprive the Municipal Manager of the responsibility concerning the exercise of delegated powers or the performance of the delegated duty.

The Municipal Manager may question any decision taken as a result of a delegation or sub-delegation in terms of this policy to confirm, amend or repeal, but no such amendment or repeal of an act may be done to break down any rights that would arise as a result of the decision.

For the implementation of this policy, any reference to "Municipal Manager" also means "any other person acting under a delegated power or function as exercising delegated by the Municipal Manager in terms of paragraph 5.

## **6. MANGEMENT AND INTERNAL CONTROL PROCEDURES**

The Municipal Manager, assisted by the Chief Financial Officer must take all reasonable steps to ensure:

- That the Municipality have a managerial-, accounting- and information system to maintain all Borrowing-, accounts-, receipting-, withdrawals- and Borrowing transactions.
- That, in the case of Borrowing, amounts due been calculated on a monthly basis
- That the Municipality have a system of internal controls over bank- and Borrowing accounts, receipting-, withdrawal- and Borrowing transactions.

The Internal Audit department should advise the municipal manager and evaluate and report on compliance with the above, at least an annual basis.

## **7. BORROWING**

### **7.1. Borrowing Management**

The Municipal Manager is responsible for the administration of all Borrowing procedures and must take all reasonable steps to ensure that Borrowings are managed in compliance with all audit requirements and any legal requirements included as prescribed in the Law on Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 6 of the Act.

The Municipal Manager may delegate the duties, linked to investments, as per paragraph 5 of this policy.

### **7.2. Borrowing Ethics**

All officials involved in the Borrowing management process must act with fidelity, honesty, integrity and in the best interest of the Municipality and must strive, within the sphere of influence of the officials, to prevent any impairment of the Borrowing of the Municipality and other municipalities' good name and solvency problems.

No officials involved in the Borrowing management process should use his or her position or privileges as, or confidential information obtained officials in the process for personal gain or unfair advantage to another person.

The Municipal Manager must report as soon as practicable to the Mayor as well as the National Treasury any alleged violation of the above and may also make recommendations whether the alleged offending party must be listed on the National Treasury's database of persons prohibited from doing any business with the public sector. Any such report by the Municipal Manager must complete details of

the alleged violation and a written response from the alleged offending party, as proof that the alleged offending party did receive the allegations in writing and had at least 7 (seven) working days to respond to the allegations.

Any sponsor, offered or granted to the Municipality must be immediately reported to the National Treasury.

### **7.3. Types of Borrowing**

#### **7.3.1.Short-term Borrowing**

To ensure that the Municipality has sufficient cash to meet the objectives of local government, as contained in Article 152 of the Constitution of the Republic of South Africa (Act 108 of 1996), it is sometimes necessary to obtain short-term financing in order to finance cash shortages in a financial year to cover the bridging operation and / or temporary capital financing.

Short-term Borrowings may only be incurred if the Council is convinced that it will be refunded during the financial year and a report to the Council should indicate how and when it will be repaid, with specific reference to the conditions set in Article 45 of the Act on Local Government: Municipal Finance Management Act (Act No. 56 of 2003).

No Borrowing agreement for short-term Borrowings may be incurred for a period that expires after the end of the financial year in which they are incurred. The Municipal Manager must, as part of the budgeting, determine in time whether the Council will need short term Borrowing for the new financial year ahead and take such steps to ensure that the Council could consider a Borrowing agreement before the date on which the Council will require such financing.

By considering the cash flow of the Municipality it must be provide for emergency situations that additional cash may be needed and should be kept in mind to determine whether the Council should enter into short-term Borrowings.

Nothing prevents the Municipal Manager to, if it appears that during the financial year a cash shortage arises, obtain approval from the Council for the introduction of short-term Borrowings. However if it will not be repaid in the same financial year as a result of under-performance in terms of credit or over expenditure, the Council will not be able to approve such agreement.

The conditions set out in Chapter 6 of the Act on Local Government: Municipal Finance Management, 2003 (Act No. 56 of 2003) must at all times be complied with by the Municipal Manager.

### **7.3.2. Long-term Borrowing - Capital Asset**

The Council has an obligation to acquire assets and to maintain it in order to ensure service delivery, however it is not always possible for the Council to finance these assets from its own cash reserves. It is for this purpose that the Council may incur long-term Borrowing.

No capital projects may be entered into before the financing sources have been considered, approved and are available. For the purposes of this, "available" means a legally enforceable document in the Municipality's possession that guarantees the funding. Short-term bridging finance for capital expenditure may be incurred in anticipation of the disbursement of the long-term Borrowing, provided that the long-term financing is "available" and the conditions for engaging in short-term Borrowings, as per par.7.3.1. above, are met.

The cost of long-term assets which may be incurred include capitalized interest for a reasonable time, the cost of securities, finance costs, advertising, legal, advisory, trustee, credit ratings and other costs of finance, professional services, where it directly applicable to the project and other amounts that the Minister of Finance may approve.

The terms of repayment of any Borrowing must be calculated according to the expected useful life of the assets financed with the Borrowing.

No long-term Borrowing may be incurred if it is not compatible with the Municipality's capital budget, excluded for refinancing.

### **7.3.3. Long-term Borrowing – Refinancing**

The Municipality is, in terms of Section 46 (5) of the Act on Local Government: Municipal Finance Management Act, 2003, allowed refinancing of long-term Borrowing with the aim to save on the cost of Borrowing. The Municipal Manager must, for this purpose, at least annually and as part of the budget process evaluate and report to the Council about the cost of existing Borrowing, or if the refinancing is a benefit to the Municipality. As part of the evaluation, the Municipal Manager should consider if a once-off payment at the end of the loan period would not be more favorable to the Municipality if the repayments are invested in an investment fund with reasonable projected return on such investment.

Refinancing may only be for long-term Borrowing which has been incurred lawfully in the past and with the further condition that the loan period does not exceed the expected lifespan of the assets financed thereby.



#### **7.4. Security for Borrowing**

It is common practice that investors or financiers required security for granting loans. The Municipality will provide security for the inclusion of Borrowing, as set out in section 48 of the Act on Local Government: Municipal Finance Management Act, 2003, but the Council will consider each form of security, together with the Borrowing agreement.

#### **7.5. Procedures for Borrowing approval and securities**

The procedures for approval of Borrowing and Borrowing security as defined in Chapter 6 of the Act on Local Government: Municipal Finance Management Act, 2003. For completeness of this policy is shown below:

##### **7.5.1. Short-term Borrowing**

- "45 (2) A Municipality may incur short-term Borrowing only if –
- (a) a resolution of the municipal council, signed by the mayor, has approved the Borrowing agreement; and
  - (b) The accounting officer has signed the agreement or other document which creates or acknowledges the Borrowing."

##### **7.5.2. Long-term Borrowing**

- "46 (2) A Municipality may incur long-term Borrowing only if –
- (a) A resolution of the municipal council, signed by the mayor, has approved the Borrowing agreement; and
  - (b) The accounting officer has signed the agreement or other document which creates or acknowledges the Borrowing.
- (3) A Municipality may incur long-term Borrowing only if the accounting office of the Municipality –
- (a) has, in accordance with section 21A of the Municipal System Act-
    - (i) at least 21 days prior to the meeting of the council at which approval for the Borrowing is to be considered, made public an information statement setting out particulars of the proposed Borrowing, including the amount for the proposed Borrowing, the purposes for which the Borrowing is to be incurred and particular of any security to be provided; and
    - (ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed Borrowing; and
  - (b) Has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together

with particulars of-

- (i) The essential repayment terms, including the anticipated Borrowing repayment schedule; and
- (ii) The anticipated total cost in connection with such Borrowing over the repayment period."

### **7.5.3. Security**

"48 (3) A council resolution authorising the provision of security in terms of subsection (2) (a) –

- (a) must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and
- (b) if so, must indicate the manner in which the availability of the asset or right for the provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the Municipality, deal with the asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the Municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be."

### **7.6. Cost of Borrowing**

The Municipality must guard that the cost of long-term Borrowing do not rise to such a level that it have a remarkable negative effect on taxes or other municipal charges such as maintenance. The maximum percentage of the operating budget for the repayment of Borrowing must be calculated in the Municipality's long-term budget with thorough consideration of the needs identified in the Integrated Development Plan, the cost of new or replacement of existing infrastructure and equipment and other administrative needs.

### **7.7. Competitive Bidding**

The Municipal Manager should adhere to the process as per Supply Chain policy when considering the biddings received. For purposes of marking in terms of costs, the expected interest Borrowing over the full term of the proposed Borrowing agreement calculated and used as the basis for the 80/20 and 90/10 allocations.

## **7.8. Types of Borrowing and Financing sources**

The types of Borrowing that may be incurred and the Borrowing financing of which may be incurred are as follows:

### **7.8.1. Types of Short-term Borrowing**

- Bank overdraft
- Short Term Loans
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

### **7.8.2. Types of Long-term Borrowing**

- Long-Term Loans
- Installment Credits
- Finance Leasing
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

### **7.8.3. Financing Sources**

- Public
- Banks
- Development Bank of South Africa
- Infrastructure Finance Corporation
- Public Investment Commissioners
- Insurance Companies
- Municipal Pension Funds
- Other Public Pension Funds
- Bond Trusts
- Internal Funds
- Other Sources

## **7.9. Commission or Cost**

No Commission is payable to an officer or board member, or spouse to, business partner or immediate relative of an officer or board member by an institution, investors or financiers, for any reference made by them.

Any commission, fee or other compensation paid to any person by an institution must certify to the Municipality by the institution through a certificate. Any quotation / tender to the Municipality given by an institution must be net of fees, commissions or rewards, but also need to include commission, rewards or costs, that will be paid in respect of the Borrowing.

#### **7.10. Performance**

The Municipal Manager must annually measure and report to the Council on the performance of its Borrowing in terms of the stipulated objectives of this policy.

#### **7.11. Forbidden activities**

- No Borrowing may be made otherwise than in the name of the Municipality.
- Money cannot be borrowed for the purpose of investments.
- No person, including officers and board members, may interfere or attempt to interfere in the management of fault attributed to the Municipal Manager or persons delegated by the Municipal Manager.
- No Borrowing may be made in any other currency than the Rand, and that is not linked, or is affected by any change in the value of the Rand against any foreign currency.
- No Borrowing shall be made for expenses not related to the functions and powers of the Municipality.

#### **7.12. Reporting**

The Municipal Manager must within 10 working days after the end of each quarter furnish the Mayor with a report setting out the detail of each Borrowing portfolio

The above report must be in the format provided by National Treasury for reporting and monitoring of Borrowing..

### **8. Review of the Policy**

This Borrowing Policy is the only policy of the Municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

All proposed changes to this policy should be tabled by the Mayor as part of the annual review of policies and budget documentation.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council. Such submission must be accompanied with a full description of the reasons for the change to the policy.

# APPENDIX L

# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **CASH MANAGEMENT AND INVESTMENT POLICY**

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## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **1. INTRODUCTION**

In terms of Section 13(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003)"(The Act)", the municipality must establish an appropriate and effective cash management and investment policy with the implementation date being 1 July 2004. The policy must comply with any prescribed framework, which framework was issued by the Minister of Finance by means of Regulation R 308 of 1 April 2005 as gazetted in the Government Gazette No 27431 of 1 April 2005.

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003.

### **2. SCOPE**

In order to ensure sound and sustainable management of the cash resources of the municipality this policy addresses all principles and processes involved in cash management and investments and includes:

- The objectives of the policy;
- Standard of care;
- Delegation of authority;
- Management and internal control procedures;
- Cash flow budgeting;
- Receipting and banking of cash;
- Payments;
- Short and long term debt and debt restructuring;
- Investment ethics, principles and practices;
- Reporting and monitoring requirements;
- Performance standards and measurement;
- Review of the policy.

### **3. OBJECTIVES**

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability and appropriate lines of responsibility in the process.

### **4. STANDARD OF CARE**

Each functionary in the cash management and investment process must do so with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of his or her own affairs and with his or her primary regard being to the probable safety of his or her own capital, in the second instance to his or her liquidity needs and lastly to the probable income derived.

Speculation may not be undertaken in any of the processes.

## CASH MANAGEMENT AND INVESTMENT POLICY

### 5. DELEGATION OF AUTHORITY

The management of all the cash resources of the municipality is the responsibility of the Municipal Manager who must, for the proper application of this policy, develop an appropriate system of delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the management of the cash resources.

The Chief Financial Officer, as designated in writing by the Municipal Manager, must advise the Municipal Manager on the exercise of the powers and duties with regards to this policy and must assist the Municipal Manager in the administration of the cash resources, the bank accounts and the investment accounts. The Chief Financial Officer may not sub – delegate the duty to assist the Municipal Manager in the administration of the municipality's bank and investment accounts.

The delegation to withdraw money from the municipality's bank or investment accounts may only be given to the Chief Financial Officer or any other senior financial officer as determined, in writing, by the Municipal Manager and of which a copy, signed by the Municipal Manager, must be kept with the official set of delegations of the municipality.

The Municipal Manager may not delegate any power or duty in the administration of the municipality's cash resources to a political structure or councilor and no councilor is allowed to interfere or attempts to interfere in the management of the municipality's cash resources.

Any delegation by the Municipal Manager in terms of this policy:

- Must be in writing
- Is subject to any limitations and conditions as the Municipal Manager may impose
- May either be to a specific individual or to the holder of a specific post in the municipality and may not be to a committee of officials
- Does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.

The Municipal Manager may confirm, vary or revoke any decisions taken in consequence of a delegation or sub – delegation in terms of this policy, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

For the application of this policy any referral to "Municipal Manager" also means "Any other person acting under a delegated power or performs a function delegated by the Municipal Manager" in terms of paragraph 5.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **6. MANAGEMENT AND INTERNAL CONTROL PROCEDURES**

The Municipal Manager, assisted by the Chief Financial Officer, must take all reasonable steps to ensure:

- That the municipality has and maintains a management, accounting and information system that accounts for all bank and investment accounts, receipting, withdrawals, cash management and investment transactions
- That, in the case of investments, such investments are valued in accordance with standards of generally recognised accounting practices
- That, in the case of investments, revenue due is calculated on a monthly basis
- That the municipality has and maintains a system of internal control over its bank and investment accounts, receipting, withdrawals, cash management and investment transactions

The Internal Audit unit must advise the Municipal Manager and evaluate and report on compliance with the above, at least on an annual basis.

### **7. CASH MANAGEMENT**

#### **7.1. BANK ACCOUNT ADMINISTRATION**

The Municipal Manager is responsible for the administration of the municipality's bank accounts including the opening of the bank accounts, the designation of the primary bank account and all banking and withdrawal procedures. The bank account may only be managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 3 of the Act as well as section 64 of the Act.

The Municipal Manager may delegate the duties of the administration of the bank accounts as per paragraph 5 of this policy.

#### **7.2. RECEIPTING MANAGEMENT**

The Municipal Manager is responsible for the administration of all receipting procedures and must take all reasonable steps to ensure receipting is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 64 of the Act.

The Municipal Manager may delegate the duties of receipting as per paragraph 5 of this policy.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **7.3. EXPENDITURE MANAGEMENT**

The Municipal Manager is responsible for the administration of all expenditure procedures and must take all reasonable steps to ensure expenditure is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 65 of the Act.

The Municipal Manager may delegate the duties of expenditure as per paragraph 5 of this policy.

### **7.4. WITHDRAWALS**

The Municipal Manager is responsible for the administration of all withdrawals procedures and must take all reasonable steps to ensure withdrawals are being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 11 of the Act.

The Municipal Manager may delegate the duties of withdrawals as per paragraph 5 of this policy.

### **7.5. DEBT**

In order to ensure adequate cash – flow the municipality may incur short-term debt for operational or capital expenditure – or long term debt for only capital expenditure, provided that the Council approves all debt agreements, the Mayor must sign the resolutions approving the debt agreements and the Municipal Manager signed the debt agreements.

The municipality is, in terms of Section 46(5) of the Local Government: Municipal Finance Management Act, 2003, allowed refinancing its long – term debt for the purpose of saving on the cost of debt. The Municipal Manager must, for this purpose, at least annually and as part of the budget process evaluate and report to the Council on the cost of existing debt and whether re-financing such debt will be beneficial to the municipality. As part of the evaluation the Municipal Manager must determine the types of repayments and whether bullet payments at the end of the debt period and the reasonably determined nett cost thereof will not be more beneficial to the Council if the repayments are invested in sinking funds and the reasonable projected yield on the investments are being brought into account.

The Municipal Manager is responsible for the administration of all debt procedures and must take all reasonable steps to ensure debt is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 6 of the Act.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

The Municipal Manager may delegate the duties of debt management as per paragraph 5 of this policy.

### **7.6. CASH FLOW BUDGET**

In order to ensure that the municipality has sufficient cash available to comply with the municipality's commitments to its lenders, creditors, statutory payments and any other commitments, it is necessary to annually compile and submit to Council, as part of the budget documentation, a cash-flow projection for the budget year by revenue-source, broken down per month.

### **7.7. WORKING CAPITAL MANAGEMENT**

The Municipal Manager must take all reasonable steps to ensure that the municipality obtains maximum performance on its assets and for this purpose the working capital of the municipality must as far as possible be managed to the maximum benefit of the municipality.

An acceptable level for the Working Capital Reserve is 2:1 or better and the Municipal Manager must take all reasonable steps to ensure that the level is being maintained. In calculating the level, outstanding debtors for a period longer than 90 days as well as any unutilised conditional grants and allocations must be deducted from the current assets and liabilities and inventories must be brought into account at the lower of cost and nett realisable value. The exercise to provide for a sufficient level of working capital must be done as part of the budget process in order to budget accordingly.

In order to achieve the objectives of Working Capital Management inventory levels for own use must be kept as low as possible, creditors must be paid within 30 days of date of receipt of invoice or statement, whichever is the latest or applicable but as late as possible but with due regards to possible discounts on offer and all steps, consistent with the Council's Credit Control and Debt Collection Policy, must be taken to recover moneys due to the municipality.

The Municipal Manager must, as part of the monthly reporting to the Mayor within 10 working days of the end of each month, report on:

- The combined nett balance of the bank and investment accounts of the municipality excluding any balances of unutilised conditional grants, trust moneys kept in accordance with trust deeds, Sinking Fund Investments made in accordance with any loan- or other agreements with investors/lenders, other conditional funds for which moneys were received in accordance with Section 12 of the Act, Debt Guarantee Reserve Funds and other cash- backed funds for which spending authority must be obtained from other persons or spheres of government.
- Whether the above nett balance is sufficient to make a payment of at least 2% of the operating budget of the municipality.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

- Whether all commitments and accounts had and can be paid on time from the nett balance above and nett realisable accounts receivable.
- Whether there is a nett outflow of cash not in accordance with the cash-flow budget.
- Whether all of the above might cause a financial problem on which the Mayor must act in accordance with the provisions of the Act.

The Mayor must, within 30 days of the end of each quarter, report to the municipal council on the above, and, in the case of identifying a financial problem, promptly inform the council and act in accordance with the provisions of the Act.

The Municipal Manager may delegate the duties of working capital management as per paragraph 5 of this policy.

## **8. INVESTMENTS**

### **8.1. INVESTMENT MANAGEMENT**

The Municipal Manager is responsible for the administration of all investment procedures and must take all reasonable steps to ensure investments are being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 13 of the Act.

The Municipal Manager may delegate the duties of investments as per paragraph 5 of this policy.

In order to ensure that the Municipal Manager or any person delegated in terms of paragraph 5 complies with this policy in terms of investments and to capacitate the municipality further, the Municipal Manager may contract an Investment Manager who is a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act (Act No. 55 of 1989) and Stock Exchanges Control Act (Act No. 1 of 1985). The Investment Manager must advise the Municipal Manager or delegated officials on investments and may manage investments on the municipality's behalf, subject to any conditions and controls the Municipal Manager may determine.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **8.2. INVESTMENT ETHICS**

All functionaries in the investment management process must act with fidelity, honesty, integrity and in the best interest of the municipality and must seek, within the spheres of influence of the functionaries, to prevent any prejudice to the investments of the municipality.

No functionaries in the investment management process may use their position or privileges of, or confidential information obtained as, functionary in the process for personal gain or to improperly benefit another person.

No person contracted by the municipality for the purpose of investments or no person submitting quotes, bids or any other means of competitive submissions may, either directly or through a representative or intermediary promise, offer or grant any reward, gift, sponsorships, loan, bursary, favour or hospitality to –

- Any official, spouse or close family member of such official or spouse;
- Any councilor, spouse or close family member of such councilor or spouse.

The Municipal Manager must promptly report to the Mayor and National Treasury's any alleged contravention of the above and may make recommendations as to whether the alleged offending party should be listed on the National Treasury database of persons prohibited from doing business with the public sector. Any such report by the Municipal Manager must give full details of the alleged breach and a written response from the alleged offending party, as well as proof that the alleged offending party received the allegations in writing and were given at least 7 (seven) working days to respond, in writing, to the allegations.

Any sponsorship promised, offered or granted to the municipality must promptly be disclosed to the National Treasury.

### **8.3. INVESTMENT OBJECTIVES**

#### **8.3.1. SECURITY**

The first and foremost objective for investments is the preservation and safety of the principal amount invested. It is a requirement of this municipality that investments may only be made with institutions with a credit – worthy rating of A 1 and better. Any investments made must be liquidated immediately if an institution's credit – worthy rating falls below the level of A 1.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **8.3.2. LIQUIDITY**

The cash – flow budget must be used as an instrument in determining liquidity needs. Other factors such as the payment runs for creditors, dates for salary and statutory payments and dates for debt repayments must also be brought into account to ensure cash requirements, and resultant investment periods, are being calculated to such an extent that maximum yield on surplus cash can be obtained.

### **8.3.3. YIELD**

It is necessary to ensure optimal yield on the municipality's investments, but a higher yield should never increase the risk of preservation and safety of the principal amount invested or not meeting cash – flow requirements. Where an institution has a sudden increase above the average market increase in investment returns, the Municipal Manager must determine whether the institution is in liquidity or financial problems, and in such an instance liquidate the investments with such an institution as soon as possible.

## **8.4. TYPES OF INVESTMENT ACCOUNTS**

The following cash – backed investment accounts should be established:

- General surplus cash
- Asset financing reserve fund
- Accumulated leave fund
- Trust funds where a trust- deed exist
- "Allocation " funds as described in Section 1 of the Local Government: Municipal Finance Management Act, 2003, but excludes the equitable share
- Sinking funds, if applicable
- Debt guarantee reserve fund, if applicable
- Post retirement benefits funds
- Self – insurance reserve
- Housing development funds

Where a Trust Deed prescribes how the trust money is to be invested, the prescriptions in the Trust Deed will prevail over this policy.

It is a general principle, the higher the investment the better the yield, and for this purpose the Municipal Manager should combine as much cash allocated to the above funds as possible, and invest it together. Yield should then be allocated according to the capital of the individual cash – backed funds, through the Statement of Financial Performance.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **8.5. APPROVED INVESTMENTS**

Investments should be structured according to the best yield available and the liquidity needs of the municipality. This can include Call Deposits, Fixed Term Deposits and Endowment Policies for the purpose of Sinking Funds only. Sinking funds must be created for the purpose of bullet – payment loans and to provide for future commitments such as building enough cash to be able to cover post – retirement benefits in full.

### **8.6. QUALIFIED INSTITUTIONS**

It is of utmost importance that the investments only be placed with credit – worthy institutions approved by with a credit – rating of A 1 and better.

The following investments are permitted:

- Securities issued by National Government
- Listed corporate bonds with an investment grade rating from a nationally or an internationally recognised credit rating agency
- Deposits with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act 45 of 1984)
- Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984)
- Banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Guaranteed endowment policies with the intention of establishing a sinking fund
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Municipal Bonds issued by the municipality
- Any other as might be approved by the Minister of Finance

### **8.7. INVESTMENT DIVERSIFICATION**

Without limiting the Municipal Manager to any specific amount or percentage of investments, it is hereby established that investments made by the municipality should be diversified as much as possible between different institutions, maturity dates and types, but nothing prevents the Municipal Manager from investing more cash with an institution than by another institution with due regards to the standard of care and objectives set in this policy.

The Municipal Manager may delegate the duties of investment diversification as per paragraph 5 of this policy.

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### **8.8. COMPETITIVE SELECTION OF BIDS OR OFFERS**

In establishing where investments must be made, at least 2 (two) written quotations must be obtained by the Municipal Manager from any of the institutions listed in paragraph 8.6 above. The Municipal Manager may not divulge interest rates to other institutions during the quotation process. If Investments Managers use treasury desks for the purpose of obtaining quotations, the quotations, with a written reason why a specific institution was chosen if the yield is lower than that of another institution, must be forwarded to the Municipal Manager, who must evaluate the reasons and issue such instructions as deemed necessary.

The Municipal Manager may delegate the duties of competitive selection of bids or offers as per paragraph 5 of this policy.

### **8.9. COMMISSIONS OR COSTS**

No commission for investments made or referred is payable to an official or councilor, or spouse, business partner or close family member of an official or councilor by an institution or investment manager.

Any commissions, other rewards or costs paid to an investment manager by an institution must be declared to the municipality by the institution and Investment Manager by way of certificates. Any quotation given to the municipality by an institution or Investment Manager must be net of costs, rewards or commissions, but must also indicate the commissions, rewards or costs which will be paid in respect of the investments.

### **8.10. PERFORMANCE**

The Municipal Manager must annually measure and report to the Council on the performance of it's:

- Investments in terms of the stipulated objectives of this policy
- Investment Managers in terms of the stipulated objectives of this policy

The measurement must be done by way of taking into consideration the performance of surrounding municipalities on its investments.

### **8.11. FORBIDDEN ACTIVITIES**

- No investments may be made other than in the name of the municipality
- Money may not be borrowed for the purpose of investments
- No person, including officials and councilors, may interfere or attempts to interfere in the management of investments entrusted to the Municipal Manager or persons delegated by the Municipal Manager including with the Investment Managers.

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- No investments may be made other than be denominated in Rand and which is not indexed to, or affected by, any fluctuations in the value of the Rand against any foreign currency.

### **8.12. REPORTING**

The Municipal Manager must, in addition to the reporting in paragraph 7.7 above, within 10 working days of the end of each month submit to the Mayor a report describing in detail the investment portfolio of the municipality as at the end of the month.

The report referred to above must contain at least a statement, prepared in compliance with generally accepted municipal accounting principles, as amended from time to time, that gives the

- Beginning market value of each investment for the month
- Additions and changes to the investment portfolio for the month
- Ending market value of each investment for the month
- Fully accrued interest/yield for the month including interest/yield capitalised or paid out

The Municipal Manager, in making investments, must remind the relevant institutions of the institutions' legal reporting responsibilities in terms of Section 13 (3) and 13 (4) of the Local Government: Municipal Finance Management Act, 2003 and must get a certificate from the institutions that the institutions will comply with the Act. A single certificate per institution for any current and future investments may be obtained and must be kept on the municipality's investment file.

The Municipal Manager may delegate the duties of reporting as per paragraph 5 of this policy.

## **9. REVIEW OF THE POLICY**

This Cash Management and Investment Policy is the sole policy governing cash management and investments in the municipality. Any reviews to this policy must be approved by the Municipal Council.

The Mayor must submit any proposed changes to this policy to the Council as part of the annual review of policies submitted with the budget documentation.

Whenever the Minister of Finance or the National Treasury or the Auditor-General requires changes to the policy by means of legislation or requests it should be reviewed promptly in accordance with such requirements, giving full details of the reasons for the revision.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **ANNEXURE A: PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003**

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the executive mayor, executive committee or chief financial officer. The foregoing policy is based on the assumption that such authority has been delegated to the chief financial officer. The chief financial officer shall at all times manage the investments in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No 56 of 2003.

#### **SECTION 7: OPENING OF BANK ACCOUNTS**

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

#### **SECTION 8: PRIMARY BANK ACCOUNT**

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;
- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank



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account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

### **SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL**

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

### **SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS**

The accounting officer of the municipality must administer all the municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

### **SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS**

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorised in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13;
- defray increased expenditure in terms of Section 31; or

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- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorisation to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account, which is separate from its other bank accounts.

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

### **SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS**

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

### **SECTION 13: CASH MANAGEMENT AND INVESTMENTS**

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in



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that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

## **SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS**

The following documents must accompany each tabled draft annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- particulars of the municipality's investments.

## **SECTION 22: PUBLICATION OF ANNUAL BUDGETS**

The accounting officer must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connection with such budget (and documents).

## **SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES**

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

## **SECTION 45: SHORT-TERM DEBT**

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit

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facility limited to emergency use, the accounting officer must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

### **SECTION 46: LONG-TERM DEBT**

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

### **SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT**

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

### **SECTION 64: REVENUE MANAGEMENT (EXCERPTS)**

The accounting officer of the municipality is responsible for the management of the revenue of the municipality.

The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

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### **SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)**

The accounting officer of the municipality is responsible for the management of the expenditure of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

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### ANNEXURE B: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

#### 1. Payments

- 1.1 All payments shall be made through the municipality's bank account(s).
- 1.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 1.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 1.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 1.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- 1.6 Cash payments/wages of non-permanent employees shall be paid out by a security firm registered with the appropriate regulatory body/s and to whom services is acquired through the Supply Chain Management of the Municipality. A proper agreement shall be entered into to regulate the services provided.

#### 2. Revenue and Cash Collection

- 2.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 2.2 The chief financial officer shall ensure that all revenues are properly accounted for.

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- 2.3 The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the chief financial officer in terms of any policies determined by the council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the chief financial officer shall report the matter adequately and timeously to the accounting officer and council.
- 2.4 The chief financial officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

### **3. Banking of Receipts**

- 3.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.
- 3.2 Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the chief financial officer.
- 3.3 Banking of receipts shall be handled by a security firm registered with the appropriate regulatory body/s and from whom services is acquired through the Supply Chain Management. A proper agreement shall be entered into to regulate the services provided.

## **4 Cash Management**

### **4.1 Cash Collection**

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. The monies collected at Van Zylsrus must be banked at least once a month.

The respective responsibilities of the chief financial officer and other heads of departments in this regard is defined in a code of financial practice approved by the municipal manager and the chief financial officer, and this code of practice is attached as Annexure II to this policy.

The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

### **4.2 Payments to Creditors**

The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms

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favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and the chief financial officer shall approve any such departure before any payment is made. (Delegated by Accounting Officer to CFO.)

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. The chief financial officer shall approve any such early payment before any payment is made. (Delegated by Accounting Officer to CFO.)

Notwithstanding the foregoing policy directives, the chief financial officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the chief financial officer determines that there are financial incentives for the municipality to do so. (Delegated by Accounting Officer to CFO.)

The chief financial officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. (Delegated by Accounting Officer to CFO.)

Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing. (Delegated by Accounting Officer to CFO.)